FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,754 Wednesday January 3 1979 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pta 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

More snow on the way

As the Arctic weather conditions continued throughout Western Europe, the London weather centre warned that more heavy snowfalls were on the way, probably by tomorrow.

At least 23 people have died in the UK, France and West Germany since the cold spell began. Hundreds of roads were still closed yesterday and in Britain there was growing controversy over alleged delays in road clearing.

Environment Minister Denis Howell said he had spoken to all the major authorities and none had reported difficulties caused by financial considerations. The motoring organisations had claimed that councils were "ill-prepared."

Rail services were badly hit as commuters returned to work after the Christmas-New Year break but more people reached work than many industries had feared. *Pages 2, 5*

Milk distribution hit Page 17
Forecast Back Page

Tanker moves

The Greek oil tanker Andros Patria, crippled by a fire on Sunday, is moving away from north-west Spain under its own power, but there is no confirmation of its destination. Three crew are still aboard. The other 29 are thought to have drowned when lifeboats capsized. Insurers face claims amounting to $12.5m arising from damage to the tanker. Back Page

Spain killings

An army major and a police bomb squad officer were killed by terrorists in Spain's Basque region. One was shot and the other was killed by a parcel bomb. Page 2

Smith document

Rhodesia's transitional government published its draft constitution. It contains one surprise—the choice of the name "Zimbabwe Rhodesia" for the country after majority rule. Meanwhile, there have been two more terrorist attacks within Greater Salisbury. Page 3

Closure averted

The threatened closure of the Washington Star has been averted. The U.S. capital's only afternoon newspaper has secured agreement over redundancies as part of a modernisation programme. Page 3

Minister quits

Turkey's Interior Minister, strongly criticised for his handling of the year of riots in which 800 people have died, has resigned.

Powell forecast

Ulster Unionist MP Enoch Powell, the former Tory Cabinet Minister, predicted that if the Tories won the next election they would soon introduce prices and incomes control. *Page 4*

FT's success

Copies of the Financial Times were on sale in New York at 9:30 yesterday morning after the start of the operation by which the FT prints in both London and Frankfurt. But snow and ice delayed distribution in Europe. Back Page

Briefly ...

A student aged 22, alleged to have drugged schoolgirls, told Frankfurt police his hobby was drinking human blood.

Indira Ghandi, former Indian Prime Minister, has been summoned for allegedly making a false voter-registration.

About 700 people were made homeless by a fire in Hong Kong.

Surgeons in New York have re-attached the leg of a girl involved in a New Year's Eve train accident.

Zambian President Kaunda has named a new Cabinet with 19 Ministers instead of 29.

BUSINESS

Equities up 2.1; Gold down $1

● EQUITIES advanced in light trading. FT 30-share index closed 2.1 up at 473.0. Official markings, at 2,465, were slightly less than Friday's 2,555.

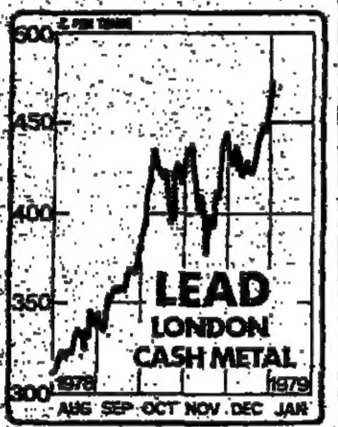
● GILTS: Shorts losses extended to $\frac{3}{16}$, with Mediums and Longs losing to ¼. Government Securities Index eased 0.09 to 68.80.

● GOLD was down $1 to $225¾.

● STERLING fell 65 points to $2.0350. Trade-weighted index was 63.9 (64.0). Dollar's depreciation was unchanged at 9.8 per cent.

● WALL STREET was down 3.21 at 801.80 near the close.

● CASH spot price for lead surged by £27 to an all-time high of £471.5 a tonne on the London Metal Exchange.



● WORLD air travel is expected to increase by 8 to 10 per cent in the coming year, following a rise of 10 per cent to 673m. passengers on scheduled air services in 1978.
Back Page

● BRITISH shipowners sold uneconomic vessels worth over £70m in 1978 as the depression in world shipping continued to hit company profits.
Lex Back Page

● ABOUT 1,400 managers in the Bradford-based Provident Financial Group are to decide over the next two days whether to call off sanctions or face immediate dismissal in their near-six-week pay dispute. Page 5

● CIVIL and Public Services Association accused the Government of "fanning the flames of industrial unrest" by refusing to allow Civil Service union pay meetings during office hours. Page 5

● NEW ROUND of talks between West German steel employers and the steel workers' union, IG-Metall, is due to begin today. Page 2

● HOUSE PRICES should rise by between 10 and 15 per cent this year, according to Abbey National, Britain's second biggest building society. Page 5

● CONSUMER spending on non-essential goods and services is expected to slacken significantly during 1979 after the sharp growth of the past 12 months, business forecasting group Stanfland Hall Associates say. Page 4

● UK representatives are expected to seek an increase in Britain's share of the North Sea Anglo-Norwegian Statfjord oilfield, in Oslo talks tomorrow.

COMPANIES

● ARMSTRONG Equipment has agreed to buy Anglo-Swiss Holdings — the industrial fasteners group—in a £1.9m deal. Page 13

● RANKS Hovis McDougall is negotiating the sale of its Canadian interests, Canvin Products and Gattuso Corporation of Montreal, Mr. J. Rank, chairman, said. Page 12 and Lex

● THOMAS WARD is to retain its 29.6 per cent stake in Tunnel Holdings despite having failed to block Tunnel's £10.5m purchase of Barrow Hepburn's chemical division. Page 13

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Allen (E.) Balfour	59	+ 4
Beecham	632	+ 10
Bellway Hldgs.	77	+ 2½
Berisford (S. & W.)	154	+ 4
Edwards (L. C.)	26	+ 2
Freemans	122	+ 4
Headlam Sims	52	+ 4
Highland Elect.	51	+ 5
Horizon Midlands	134½	+ 7½
Hunting Gibson	104	+ 6
Ingram (H.)	38	+ 2
Johnson-Richards	109	+ 4
Lloyds Bank	287	+ 7
Provident Life 'A'	138xc	+ 6
Saga Holidays	192	+ 5
Samuel (H.) 'A'	196	+ 8
Scholes (G. H.)	312	+ 7
UDT	44	+ 3
De Beers Defd.	398	+ 7
FALLS:		
Sandeman (G.)	60	− 3
Vaux Breweries	123xd	− 2½
BP	894	− 12

BP cuts crude oil supplies because of Iran output loss

BY KEVIN DONE, ENERGY CORRESPONDENT

British Petroleum is cutting crude oil supplies to all its customers by 30 to 35 per cent over the next three months because of the continuing loss of production from Iran.

BP is the leading member of the consortium of Western oil companies which produces most of Iran's crude oil.

It has a 40 per cent share in the Iranian Oil Participants group, and has been hardest hit by the shut-down of the Iranian oil fields. In spite of growing production from the North Sea, BP took 39 per cent of its crude oil supplies from Iran in 1977, amounting to 66m tonnes.

Yesterday, production by the consortium was less than 300,000 barrels, compared with a normal production level of more than 5m barrels a day. Exports have ceased altogether and output from the Iranian fields cannot even meet domestic *demand*.

BP is looking for alternative sources of supply, but there is little spare capacity available in any of the oil producing countries, although negotiations are continuing, particularly with Kuwait.

When the oil supply crisis in Iran began at the end of October, BP warned customers to expect cuts in deliveries of *up to 25 per cent, but the position* has worsened.

The western oil consortium said yesterday that it had evacuated nearly 900 of its employees and their families from Iran to Athens. Another flight is scheduled to take off from Abadan to Athens via Bahrain today. By tomorrow, the consortium expects to have only about 100 personnel left in Iran, mainly at the oilfields.

These are being shut on a stand-by basis, but because of the complicated operating process involved, it could take at least four to six weeks to restore them to significant production levels, the consortium said yesterday.

> **Amid continued uncertainty about whether the Shah will leave the country, Dr. Shahpour Bakhtiar, Iran's Prime Minister Designate, said he had his new Cabinet ready and a Government could be formed by Saturday. Back Page. The Iran crisis, Page 2. Lex and BP buys bigger stake in pipeline, Back Page**

The continuing turmoil in Iran has caused more than 200m barrels of oil production to be lost since the end of October. This is equivalent to about four days' world oil supplies, and will be very difficult to make up before the summer.

There hsa been some increased production over normal high winter levels in countries such as Saudi Arabia and Nigeria—Saudi Arabia is thought to be producing more than 10m barrels a day—but further significant increases are limited by severe production and shipping problems.

All members of the Western consortium, which includes most of the big oil companies, have had to cut crude oil deliveries to some extent. They are in fierce competition for scarce spot cargoes of crude oil available around the world. As a result, spot light crude prices have been reported as high as $17 a barrel, far more than the increases agreed by the Organisation of Petroleum Exporting Countries last month, but there is little crude available to trade.

If the virtual shut-down of Iranian production continues for a prolonged period, such as the rest of the first quarter, as much as an extra nine days' supplies could be lost to world markets.

All the main oil consuming countries have stocks to last several weeks, but a three-month shut-down in Iran would mean that countries totally dependent on imported oil would find it difficult to sustain full consumption.

One senior oil company executive commented yesterday: "It all hangs on how quickly oil exports become available from Iran again. It is still a question of stocks being eaten away. There is a limit, and with Iran shut down, this could be reached this quarter."

Lorry drivers begin their widespread all-out strike

BY NICK GARNETT, LABOUR STAFF

A WIDESPREAD all-out strike *by private haulage lorry drivers* began last night with transport companies in most areas of Britain affected.

The Road Haulage Association, with most regions in dispute with its drivers over pay said that Scotland, the north-east, Yorkshire, Humberside and Merseyside would be seriously hit.

Drivers at big haulage companies in major cities elsewhere, including Birmingham and London were also expected to join the stoppages, as were those in some smaller regional centres.

Most of the association's regions have offered 13.2 per cent on basic pay rates and about 15 per cent overall. The drivers are seeking rises of up to 25 per cent but further pay negotiations are due to take place this week.

In the other road transport *dispute, shop stewards* representing tanker drivers and related staff at Shell decided yesterday to *postpone* their strike, due to begin today, until at least January 10.

The decision followed yet another pay offer from the oil company after its previous proposals, worth about 15 per cent with almost no productivity strings, were formally rejected yesterday. The new offer will be put to a ballot of the drivers.

British Petroleum's offer to its tanker drivers was also rejected yesterday but pay negotiations then resumed late last night.

Drivers at Texaco, who were also due to strike from today along with those at Shell and BP, were offered a new pay package which will be put to depot meetings today. Senior shop stewards will meet *tomorrow* and the *company* said that in the meantime it hoped the strike would not go ahead.

Esso's drivers, who last week were offered 15 per cent without a productivity element, have also deferred their proposed strike until January 10 by which time the offer can be put to mass meetings. Esso shop stewards are due to meet next Monday.

Drivers at Mobil, which has made a similar-sized offer, are in the process of voting on their proposals, with senior stewards expected to meet on January 12.

The companies' previous proposals have involved a new basic rate of about £78 on which overtime and shift pay would be calculated, lifting average weekly earnings to about £130.

Turnbull set to join Chrysler

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MR. GEORGE TURNBULL, a former managing director of British Leyland, is expected to be appointed chairman of Chrysler UK today.

PSA Peugeot-Citroen, the French company whose acquisition of Chrysler's European operations took effect at the beginning of this week, has managed to recruit a man with a high reputation in the British motor industry.

Informal talks with the National Enterprise Board about his appointment as a consultant with responsibility for *British Leyland before Mr.* Michael Edwardes became chairman broke down.

Since resigning fro mLeyland in September 1973, Mr. Turnbull has acted internationally as a consultant. In three years with Hyundai, he helped to establish the Korean motor industry. He is deputy managing director of the Iran National car company.

The caretaker Chrysler U.K. board, announced last Friday, meets in London today to *appoint a new board.*

Mr. George Lacy, managing director in the three difficult years since the Government rescue, negotiated in 1975, is likely to continue in that position. *Mr. Peter Griffiths, his* deputy, is also expected to remain.

That will give important continuity as Mr. Turnbull joins the struggles of Chrysler U.K. Preliminary estimates suggest that in spite of early forecasts of a small profit last year's losses are likely to have been as heavy as the £21.5m in 1977. In 1978 the company lost £43m.

Trouble in Iran has been significant in the deterioration of Chrysler U.K.'s trading position.

The Stoke engine factory, at Coventry, supplies components worth more than £100m a year for assembly by Iran National. *Serious delays to shipping* and

Continued on Back Page
Profile, Page 5

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Currency changes within margins

By Peter Riddell, Economics Correspondent

THE EIGHT currencies in the proposed European Monetary *System kept well within specified* narrow margins of each other yesterday as if the scheme had formally started this week and not been delayed.

Trading was generally quiet throughout Europe in the aftermath of the holidays, apart from some early pressure on the dollar.

There was little change in rates between EEC countries, though the Deutschemark *slipped slightly against some* other Continental currencies.

The central banks of all EEC countries, apart from the UK, are informally keeping their currencies stable for the time being until French reservations about EEC subsidies are resolved and the system can officially start.

CHANGES IN DEUTSCHMARK
against major currencies %

	From early July (Bremen summit)	From early December (Brussels summit)
French franc	5.50	−0.60
Italian lira	−9.75	+1.70
Dollar	+12.96	+5.37
Sterling	+3.85	+1.12

Central parities of the new system already exist as an operational *guide for banks since* they were fixed on schedule last Friday in spite of the delayed start.

The informal intention to link currencies closely is being carried *out alongside* existing arrangements whereby five countries are within the snake—the present European joint currency bloc—and the currencies of France, Italy and Ireland are floating outside.

The central banks now appear to be aiming to keep the exchange rates of seven of the EEC countries within a 2.25 per cent margin of each other. The eighth, Italy, has been allowed a 6 per cent margin.

These interim arrangements will have to rely on existing credit lines rather than the expanded amounts available when EMS formally starts.

There are, however, considerable existing bilateral and multilateral swop facilities, though without any clear-cut intervention obligations.

But this informal understand*ing may not be put under any* pressure since the currencies have been within the intervention margins in recent weeks.

Money Markets Page 15

Hope fade for EMS solution at Guadeloupe

BY JONATHAN CARR

BONN West German Government officials were uncertain yesterday that the current difficulties with France over agriculture—which have delayed introduction of the European Monetary System—could be solved during the Guadeloupe Summit later this week.

No point is seen in advancing the date of the next meeting of *the Community's farm ministers*, now scheduled for January 15.

High level accord on a compromise between Bonn and Paris is thought to be a necessary prerequisite if the ministers' meeting is to succeed.

The Guadeloupe Summit—to be attended by Chancellor Helmut Schmidt, President Valery Giscard d'Estaing, and the U.S. and British leaders—in theory offers the chance to reach such a compromise.

But the West Germans say that the disputed issue, the phasing out of monetary compensatory amounts in Community farm trade, is very complex and that neither sufficient time or detailed expertise will be available in Guadeloupe to solve it.

Herr Schmidt left for the Caribbean last week, before it became certain that France was insisting on a solution to the MCA problem before permitting introduction of the EMS, which was due to begin on Monday.

The West German Chancellor is expecting to discuss world issues, particularly defence, in Guadeloupe. He will be accompanied by his chief foreign policy advisor.

Herr Schmidt has been in contact with Bon non the farm issue, but there are no plans to fly out additional staff to work on the technicalities.

Normally, it would be considered sufficient if governments formulated the broad lines of policy and the Farm Ministebs implemented them.

This happened when the European Council, in its decision on the EMS on December 5, found a form of words which were thought to cover the MCA issue. It is now plain, however, that the words concealed a *misunderstanding which the* Farm Ministers were unable to overcome in their December 19 session.

A more detailed brief is now believed to be required from the top and it must be approved by all partners when the issue comes before the Farm Council again. That would take time.

Government officials here continue to believe that the farm issue, rather than any new danger posed for the EMS by the weakness of the dollar, explains France's refusal to go ahead.

The latest dollar fall is thought to be linked, in particular, to the unrest in Iran, and there is no guarantee that this situation will improve to permit an easier birth for the EMS in a few weeks.

David White writes from Paris: The French franc will continue to float outside the

Continued on Back Page
Editorial Comment Page 10

Dollar gains strength

BY DAVID LASCELLES

NEW YORK — Short-term interest rates persisted at unusually high levels here yesterday. This caused some uncertainty in Wall Street about the Federal Reserve Board's current monetary aims, but added strength to the dollar on the foreign exchange markets.

The key Fed funds rate hovered at around 12 per cent yesterday morning, well above the average 10-10¼ per cent at which it stood before the increase which began last week.

Much of this rise is probably due to technical factors, such as the shortage of cash and float in the banking system because of the holiday shopping spree.

Some analysts argued that the Fed appeared to have been slow to supply extra reserves to the system in the last few days, suggesting that it wanted to nudge up the cost of money.

The Fed did, however, try to bring the rate down yesterday morning by overnight repurchase orders of Government securities. Estimates of the Fed target rate for Fed funds ranged yesterday from 10 per cent to as high as 10½ per cent.

Bankers said the market was unusually difficult to read at the moment. They expected the situation to become clearer in the second half of the week.

The high level of interest rates helped the dollar on the New York foreign exchange markets. It opened higher than in Europe and was steady *through the thin trading in the* early part of the day. Sterling slipped a cent to $2.035 by noon, and the dollar gained slightly against the DM, at DM1.815.

Record jobless feared as France plans dole reform

BY DAVID WHITE IN PARIS

REFORM of the French system of unemployment benefits, is expected to be passed by Parliament this week as the country faces the prospect of a record level of jobless this year.

The Government's Bill, extending and simplifying the present dole system will go to the Senate after months of discussions involving the Patronat Employers' Federation and unions. The system is being made uniform for all categories of employees Young people looking for their first jobs will gain the right to allocations.

The one point on which agreement with the unions has not been reached is the revamping of the generous allowances for workers made redundant for economic reasons. Currently, they are entitled to 90 per cent of their pay for a year after dismissal, if they are not re-employed in the meantime.

The Bill proposes that this 90 per cent should be progressively reduced during the year, in order to increase the incentive to find new work.

The moderate Force Ouvrière union, which two years ago signed an accord on steel redundancies, has said it will not sign a further accord, unless the compensation system is maintained.

This accord applies to more than 20,000 people being sacked in the north of France and Lorraine. The first round of job reductions, now being completed, involved 16,200, and the compensation system is seen as one of the main reasons why labour protests in the steel industry have been fairly low-key.

Unions have called a general strike in the Lorraine region for January 12 to protest against the Government's steel plan.

The number of people looking for work in France was 1.33m in November, showing a rise of 12 per cent in a year. The level is expected by the Government to rise by about 10 per cent in the coming year, with an improvement in the second half of the year, and by union leaders to increase by 15 per cent or more.

The Government has meanwhile, decided to renew for one year the residence permits of some 350,000 Algerian workers. M. Lionel Stoleru, Secretary of State at the Labour Ministry, said he reached agreement on this with the Algerian ambassador at the weekend as an interim solution pending negotiation of a fresh Franco-Algerian labour pact. Permits issued for ten years under a bilateral agreement of 1968 were due to expire on January 1.

IG-Metall votes to resume talks

BY ADRIAN DICKS IN BONN

A NEW ROUND of taks between West German steel employers and the steelworkers' union, IG-Metall, is due to begin today after formal agreement by the union's bargaining council to negotiations on the basis of a compromise put forward at the weekend.

Despite this development, which comes exactly five weeks after the beginning of the strike, IG-Metall made clear last night that its planned extension of the strike to three more plants today will go ahead. The union has said it intends calling out 20,000 more members at three big plants in Bremen, Bochum and Krefeld. So far some 37,000 men have been on strike since November 28 and a further 43,000 have been locked out or laid off because of the dispute.

Meanwhile the return to work in important steel-using industries after the Christmas-New Year break has brought further warnings of short-time working if steel supplies dry up. Volkswagen said yesterday that some plants might have to stop work by the middle of this month. Opel said it could maintain normal output from stocks until the end of this month at least.

The IG-Metall bargaining council's 86-32 vote to meet the employers indicates that a substantial minority in the union is still in favour of a hard line. Herr Kurt Herb, strike leader in North Rhine-Westphalia, emphasised yesterday that the compromise plan remained "No more than a structure. We shall have a lot more to say."

There has been no official comment on the compromise from the employers, but they are likely to have been influenced by the consideration that further delay would probably bring little softening in the union position.

The compromise was put together over the weekend by Herr Friedhelm Farthmann, North Rine-Westphalia's Labour Minister, who as made several previous attempts to mediate in the dispute. Under his plan, all 200,000 steelworkers in the North Rine-Westphalia, Bremen and Osnabrueck bargaining regions would get three days added to their annual holiday. Nightshift workers would get three to three-and-a-half extra free shifts a year and workers over 50 two extra free shifts. In addition, there would be a 4 per cent wage rise over a 15-month contract. It has been estimated that the package would add some 5.7 per cent to the wage costs of the industry.

Steel orders maintained

BY GUY HAWTIN IN FRANKFURT

ORDERS FOR West German rolled steel finished products remained stable in November, though at a continued low level. The inflow of bookings to steelworks totalled 1.72m tonnes—unchanged from October

The returns, which exclude semi-finished products, hot-rolled broad strip and special steels, showed that increased orders from Third World nations offset the decline in demand at home and among customers in other EEC countries.

According to a statement from the Wirtschaft Vereinigung Eisen-und Stahlindustrie — the West German iron and steel industry association — demand was 100,000 tonnes less than the average for the first 10 months of the year. But it was well over the 1.64m tonnes booked in November 1977.

Domestic demand fell back 2.3 per cent from October's 1.06m tonnes. Bookings from EEC customers also dropped by 1.7 per cent to 175,000 tonnes. Stability was maintained by a 5.6 per cent increase in orders from third countries outside the EEC. These rose from October's 479,000 tonnes to 508,000 tonnes with the growth coming primarily from the U.S. market.

Turkish Interior Minister quits

BY METIN MUNIR IN ANKARA

THE TURKISH Interior Minister, Mr. Irfan Ozaydinli, resigned yesterday after a year in which more than 800 have died in the worst political violence in modern Turkish history.

Mr. Bulent Ecevit, the Prime Minister, has asked Mr. Orhan Eyyboglu, Deputy Prime Minister, and a political moderate, to take over as Interior Minister until a new appointment can be made.

Mr. Ozaydinli's resignation came as no surprise. He had been under strong attack from all sides for his handling of law and order.

A week ago, martial law was declared in 13 of Turkey's 67 provinces, where a third of the population lives. It followed riots in the eastern town of Maras where more than 100 people lost their lives.

Mr. Ecevit is expected to reshuffle his Cabinet in the spring after the budget is passed, and the annual convention of his left-of-centre Republican Peoples Party has been held.

Meanwhile, Sir Derek Dodson, the British ambassador in Ankara, was accused in the Turkish Parliament yesterday of intervening in Turkey's affairs.

The charge stems from reports in newspapers, one of which showed a cheerful Sir Derek shaking hands with an equally cheerful Mr. Demirel after the vote for martial law. Another newspaper called the ambassador's behaviour "scandalous."

A government deputy told Parliament: "Britain has intervened in our internal affairs. We wonder whether Demirel has prepared his attack on the Government in collaboration with the British ambassador."

Mr. Gunduz Okcun, the Foreign Minister, replied: "A certain country's ambassador having close relations with a political party, becoming involved with the country's internal affairs, means violation of both the principals of international law and good neighbourly relations.

"We have summoned the British ambassador to the Foreign Ministry to get the problem clarified."

N. Europe again hit by icy weather

By Our Foreign Staff

THE ICY New Year weather hit much of Northern Europe again yesterday, disrupting transport services, damaging agriculture and causing at least 28 deaths in West Germany and France alone. In Eastern Europe, a breakdown in coal supplies caused by the winter freeze has caused energy shortages in East Germany, Poland and Czechoslovakia.

In West Germany, at least 16 people are known to have died, most of them frozen to death, because of the severe weather conditions.

Schleswig-Holstein, the Federal Republic's most northerly state, appears to have suffered worst from the combination of heavy snowfalls, Arctic temperatures and flooding which has now affected every part of the country

Damage to the economy appears primarily to have hit Schleswig-Holstein's thriving agricultural sector. The state is a big producer of dairy products, cattle and pigs, with much of its output coming from large-scale operations dependent on electricity for heat and for running machinery.

Most areas of France were again hit yesterday by snow, ice and wind, in varying combinations, disrupting air services, railways and ports. Northern and central France lay under snow after another bitter night.

Although bright sun in Paris brought milder temperatures (and burst water mains), conditions in the far north and the northeast of the country remained grim. Sub-zero temperatures were expected to persist in the north-east, while clearance work in the north was hindered by strong winds, and a Mistral gale in full swing added a further hazard in the south.

In Scandinavia, the most southerly parts of the Nordic countries — Denmark and south Sweden — have been worst affected by the New Year storms. Land and sea traffic came to a standstill in both areas but the effect on business and industry has been attenuated by the worst weather coinciding with the extended Christmas and New Year holiday.

Road and ferry traffic between Denmark and West Germany has been halted for several days and large parts of southern Jutland and Zealand have been snowed in.

Millions of East Gearmans are getting rationed amounts of electricity and gas, as supplies of brown coal, the country's energy life-blood, have been seriously disrupted by the extreme winter freeze and heavy snowfalls.

A state of emergency has been declared in northern and central Poland, where millions of households are without adequate heating because of the total breakdown in coal supplies. The Polish Government has called on all workers not employed in essential industries to remain at home as the transport system is virtually paralysed.

In Czechoslovakia electricity supplies are erratic in the cities, and the River Elbe has overflowed in eastern Bohemia and flooded factories. Output of brown coal in the northern Bohemian open-cast mines has sunk drastically.

But in Switzerland, the sudden fall of temperature has been more welcome than unwelcome. After unusually mild weather over Christmas, 1979 has started with more seasonal sub-zero temperatures and snow.

Make-or-break test faces Andreotti administration

BY RUPERT CORNWELL IN ROME

SIG. GIULIO ANDREOTTI, the Italian Prime Minister has returned from a brief holiday in Portugal and Spain to resume preparation for what has been widely forecast as a make-or-break period for his minority Christian Democrat Government.

January has long been tipped as the time when discontent with the present governing formula, in which Communists, Socialists and other smaller parties provide parliamentary support for the Christian Democrats, will boil over.

The accuracy of this prediction depends on Sig. Andreotti's ability to clear the two most awkward hurdles facing him: the choice of new chairmen for several of Italy's biggest public sector enterprises, and the launch of the much-vaunted, three-year economic recovery plan.

Both are due to be discussed at a Cabinet meeting, provisionally set for the start of next week. Before then, however, the Prime Minister may well hold talks with leaders of other parties in an attempt to gain broad preliminary agreement.

Most embarrassing for the Government has been its continued failure to fill the outstanding state industry vacancies, including those at Istituto per La Ricostruzione Industriale (IRI) and the energy group ENI—mainly as a consequence of differences between factions of the ruling party itself.

Amid general public resentment at the sordid fashion in which such spoils are painstakingly divided along party lines, Ministers involved have been proclaiming daily that agreement is all but secure. There is still no guarantee, however, that this is so.

As far as the economy is concerned, the Government is to produce within a few days a detailed programme to implement the grand design set out by Sig. Filippo Maria Pandolfi, the Treasury Minister, to promote steady growth and more jobs over the 1979-81 period. This will be done largely by containing the public sector deficit (forecast at L37,000bn, or about £22bn this year) and holding down the cost of labour.

The main threat to this is likely to be spelt out this week, when leaders of the 1m-strong Engineering and Metal Workers send employers their claim for the new wage contracts, also covering the years 1979-81.

Although both the Government and the Communist Party have expressed their opposition, the demands are set to include a substantial increase in take-home pay and a cut in the working week.

Despite the general unhappiness with the current formula, Sig. Andreotti's greatest strength remains that there is no obvious alternative, short of an early general election, which no one yet is ready to countenance.

The Communists are against any "emergency" coalition that does not include them, while a variety of political leaders have come out emphatically against a return to the old Centre-Left formula. The other widely-canvassed option, of a Christian Democrat Government containing a greater number of "technocrat" non-party Ministers might satisfy the Left, but almost certainly not the Christian Democrats.

Italian kidnapping reduced

ROME — Kidnappings for ransom dropped to 42 in Italy in 1978 from the record total of 76 the previous year, the Italian Interior Ministry reported yesterday. The 1978 total of abductions was back to the level of 1974, and the income of Italy's kidnapping rings was also reduced sharply, to L8bn ($9.9m) from an estimated total of L20bn. ($22m) in 1977.

By the end of 1978 14 of those kidnapped still were held by their abductors and authorities feared some of them might have been killed. Those still held included two non-Italians —Herr Peter Rainer Besuch, a West German real estate businessman kidnapped in Sardinia last September, and Sr David Beissah, a 65-year-old Mexican citizen abducted in Milan in March.

Kidnappers killed and buried at least three of their victims, whose bodies were recovered during the year. One of those killed was a 16-year-old boy abducted near Milan last autumn. According to the authorities, the 1978 drop in the number of kidnappings was due to successful police investigations which led to the arrest of dozens of alleged members of kidnapping rings **AP**

Killings resume in Basque region

BY DAVID GARDNER

AN ARMY major and a police bomb squad officer were killed yesterday in the Basque region.

Major Jose Maria Herrera, adjutant to the military Governor of the province of Guipuzcoa, was shot dead in San Sebastian in the first political assassination of the New Year in the Basque country. More than 80 people died in political violence last year in the region.

The attack on Major Herrerais the first on a serving army officer since two high-ranking officers were shot dead in Madrid last July.

The Madrid killings were subsequently attributed to ETA, the radical Basque nationalist guerilla organisation, which is thought to be responsible for the latest shooting, along with two bomb attacks early yesterday in Pamplona. There, a bar was destroyed and Corporal Francisco Berlanga, a bomb disposal officer, was killed by a booby-trap parcel left in the doorway of the home of the leader in Pamplona of the Fascist party, Fuerza Nuva.

The struggle between ETA and the Spanish security forces in the region has been stepped up in the past month, and at the same time has become more concentrated and precise in its targets. The Government had been thought to be planning a major crackdown on ETA's military wing as soon as the constitution was ratified by referendum in early December.

For this they were counting on the co-operation of the authorities in France—from where the leadership of ETA's military wing operates—and on the success of a special anti-terrorist unit led by former officials of Franco's intelligence services.

The security forces have made nearly 200 arrests in the past three weeks, hitting ETA harder than at any time since before Franco's death.

ETA, meanwhile, has switched from killing policemen to attacking alleged members of, and "collaborators" with, the Government's intelligence service in the region. It is not clear whether Major Herrera's duties fell into this category

Eanes calls for greater sacrifice

BY OUR LISBON CORRESPONDENT

PRESIDENT Antonio Ramalho Eanes has warned the Portuguese in a New Year message that they will have to make fresh sacrifices in order to prepare themselves for membership of the European Economic Community.

Portugal has been living far above its means, he said, threatening the survival of the economy. If it was allowed to continue, Portugal would become totally dependent on foreign creditors.

Common Market entry is politically desirable, said the President, but demands from the Portuguese a determination to modernise and normalise the country's economic structures.

"Portugal needs to create internal conditions which will allow her to face negotiations with the Community from a position of strength, and a real awareness of her potential value, human and productive."

He stressed the importance of a firm democratic base of support for budgetary and planning measures, for new negotiations with the International Monetary Fund (IMF) and for joining the EEC.

General Eanes said the public sector can in no circumstances remain a chronic burden to the other productive sectors. On the other hand, those defenders of conservative interests should not dream of re-establishing conditions which offer special protection to the private sector. Economic evolution, both internal and external, has long since condemned protectionism, he said.

Employers will have to face labour and management problems and will have to accept completely the consequences of market forces without any special protection.

It was important, however, to establish a just salary structure that ensures the protection of the workers and their families against any reduction in their buying power

Pope John Paul II: accused of interference.

The Pope intervenes in abortion controversy

By Paul Betts in Rome

JOHN PAUL II, the first non Italian Pope in four and a half centuries, has become embroiled in a peculiarly emotional Italian controversy between bishops and lay politicians over legislation introduced last year legalising abortion in Italy.

In their homilies delivered during the Christmas and New Year ceremonies, Italian bishops — particularly the Archbishop of Florence, Giovanni Cardinal Benelli, and the head of the powerful Italian Episcopal Conference, Antonio Cardinal Poma, Archbishop of Bologna — appear to have launched a big offensive against a law they consider is "a licence to kill."

Earlier last month, the Italian Episcopal Conference announced that abortion entailed automatic excommunication, an exceptionally harsh measure in an overwhelmingly Catholic country.

With the rekindling of the abortion controversy, the new Polish Pope has had to take a stand in what is also, in large measure, an internal political issue, which he presumably would have preferred to avoid during the early days of his pontificate.

Addressing a group of some 300 Italian Catholic doctors, he referred to their conscientious objection to abortion as a "crusade" in the face of strong political and social "intimidations" to perform so-called "legal" obortions.

And during the Te Deum mass on New Year's Eve, he also attacked divorce, introduced in Italy four years ago following a national referendum which split the country in two and had decisive repercussions in subsequent regional elections.

The recently approved law legalising abortion was the fruit of a political compromise last year at the time of the kidnapping of Sig Aldo Moro, the late Christian Democrat leader. The two main parties, the Christian Democrats and the Communists, wanted at that stage to avoid another explosive confrontation over a referendum on abortion promoted by the small Radical party.

Leading political party spokesmen have condemned the anti-abortion initiative effectively launched over Christmas by Cardinal Benelli, the former Under-Secretary of State of Pope Paul VI and perhaps the late Pope's closest adviser.

They are openly accusing Cardinal Benelli (who since his appointment as Archbishop of Florence has given considerable voice from his pulpit to his controversial opinions and has been actively engaged in the strengthening of Italian Catholic youth movements) of wanting to promote a referendum to abolish the current abortion legislation.

Political leaders claim that Cardinal Benelli's campaign and the stand taken by other Italian bishops, and especially the Pope, represent what they regard as unacceptable interference by the Vatican in Italian affairs. This, they underline, goes against the very principle of the new revision of the Concordat—the special pact between the Vatican and the Italian state—advocating the mutual independence and sovereignty of the State and the Church.

The renewed controversy over abortion comes at a peculiarly delicate moment for Italy when the governing alliance between the Christian Democrats and the Communists appears to be breaking up.

At the same time, the Radical Party is planning to collect the necessary half a million signatures to launch a new referendum against the abortion law. Their motives are clearly different to those of the Italian bishops since they want the law changed to liberalise abortion even more in Italy.

Chirac's fighting tactics strain Gaullist nerves

BY ROBERT MAUTHNER IN PARIS

PSYCHIATRISTS might be tempted to conclude that the great row which is currently shaking the Gaullist RPR party is the direct consequence of the recent car accident in which its leader, M. Jacques Chirac, broke his thigh bone. When such an active man as M. Chirac, whom the late President Pompidou described as "my bulldozer" is physically immobilized, his nervous energy tends to be channelled into concocting complicated political schemes, about which he might have had second thoughts when in good health.

The cartoonists, in any event, believe that there is some truth in this theory. One shows a frustrated and teeth-gritting M. Chirac in a hospital bed with his leg in a plaster cast in the shape of Europe, while another depicts him hobbling on crutches after his own shoes, which are running away from him.

What is certain is that an operation which started off as a controlled attack by the Gaullists on President Giscard d'Estaing's European policy, and particularly his refusal to demand additional guarantees from France's partners that the European Parliament's powers would not be extended after direct elections, has dangerously boomeranged.

M. Chirac is currently under attack within the party from several different sides at once. Old guard anti-European hardliners like M. Alexandre Sanguinetti have hit out at him for taking too soft a line towards the Government, while others, like M. Alain Peyrefitte, the Justice Minister, have criticised him for his excessively vicious onslaught on President Giscard.

Even worse, from M. Chirac's point of view, all his main critics, however different their basic political views, have banded together to question his style of leadership. M. Sanguinetti has not hesitated to use the word "fascist" in describing the manner in which M. Chirac runs the party and has suggested that the Gaullist leader is more interested in preparing the ground for his candidature in the 1981 presidential election than in giving the party a real policy and strategy. Both he and M. Peyrefitte have indicated in the clearest possible terms that they think M. Chirac is being unduly influenced by a "kitchen cabinet" of four close advisers, including the notorious Mme. Marie-France Geraud and M. Pierre Juillet, the eminences grises who formed M. Pompidou's political brains trust.

Things might not have come to a head if M. Chirac had not launched what was widely considered to be a wounding and unjustified attack from his hospital bed on President Giscard's foreign policies in general. Clearly stung by M. Sanguinetti's barb that he was trying to have the best of both worlds by getting the party to criticise the Government's European policy while supporting it in practice, the Gaullist leader accused M. Giscard d'Estaing of allowing France to fall into foreign servitude and neglecting its international role.

M. Jacques Chirac: under attack from inside his party

At the same time, the Gaullists joined the Communists in an "unholy" parliamentary alliance to defeat the Government on legislation providing for the adaptation of France's VAT system to Common Market regulations and the financing of the European election campaign with EEC funds.

The exaggerated terms in which M. Chirac lambasted the President's foreign policies embarrassed and shocked even those members of the party who have frequently been critical of M. Giscard d'Estaing. M. Peyrefitte struck a deep Gaullist chord when, in a letter to RPR Members of Parliament, he pointed out that M. Chirac's remarks had contravened the fundamental principle of respect for the Fifth Republic's institutions. For, ever since the days of General de Gaulle, the party has always faithfully stuck to the precept that the President is entirely responsible for the country's foreign policy.

Nor is M. Chirac on very firm ground as regards the substance of his strictures. Whatever criticisms can be made of President Giscard's leadership in general and of his economic policies in particular, he has been highly active in burnishing France's international image. Since his election to the presidency, he has taken a number of major European initiatives. It was on his proposal that the European Council was set up, thus capping the European Community's institutions with regular Heads of Government meetings. Together with Chancelor Helmut Schmidt of West Germany, President Giscard provided the main impulse for the setting up of the European Monetary System and he was also the chief Western architect of the North-South conference.

His efforts to extend French influence in Africa, such as the despatch of French troops to help the Zaire Government to put down the invasion of its southern province of Shaba, was certainly in line with traditional Gaullist policy; so much so, that it was heavily criticised by their political opponents.

M. Chirac and his followers have, therefore, been reduced to crudely xenophobic statements about how the President has allowed the country to fall under the domination of the U.S. and, not least, West Germany, which hark back to another age.

It would be idle to deny that such chauvinistic outpourings do not appeal to quite a substantial section of the French population, particularly if they are repeated often enough. But France has moved on a long way since General de Gaulle pulled the country out of the economic and political swamp into which it had sunk and gave it renewed self-confidence. With growing prosperity, the electorate has become more sophisticated and is less inclined to swallow unsubstantiated political slogans, as the outcome of the general election last March amply demonstrated.

If what is happening inside the RPR Party is anything to go by, M. Chirac himself, must by now be having serious doubts about whether he is on the right tack. Quite apart from the criticisms which have been made of his personal leadership, all the Gaullist Ministers in the Government have issued a joint statement opposing M. Peyrefitte's suspension from party membership and demanding that it be overruled in the interests of party unity.

It is difficult to see how M. Chirac can now avoid making some of the fundamental changes in the way the party is run, which a growing number of his critics are demanding. He may well have to accept the return to the RPR's ruling bodies of some of the old "barons" such as M. Couve de Murville and M. Sanguinetti, to say nothing of some of the Gaullist Ministers and the President of the National Assembly, M. Jacques Chaban-Delmas, who were excluded from holding party office last April.

But M. Chirac still has an ace up his sleeve. No one has yet come up with an alternative recipe for ensuring the Gaullist Party's survival. More than anyone, M. Chirac and his advisers are aware of the political danger of allowing the RPR to become a passive supporter of President Giscard d'Estaing. If Gaullism is to remain a political force in the country, it must retain its distinctive image. Even though the party is a member of the coalition government, it is obliged to criticise and to dramatise its opposition to some of the Government's policies, otherwise, it will merely be equated in the eyes of the electorate with the centrist groups which provide President Giscard with his main support.

With this in mind, it is clearly essential that the Gaullists should go into the European elections in June with their own specific policies because, if they fail to do at least as well as the Giscardians, their prospects in forthcoming national presidential and parliamentary elections will inevitably be undermined.

That is the real dilemma facing the Gaullists. They are condemned to walk a tight-rope between support of the Government and opposition and, so far, M. Chirac has proved to be the cleverest acrobat in the party. Whatever may be said about his authoritarian methods and his undiplomatic outbursts, there is no one in sight who could fill the job of leader as effectively.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $200.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

THE CRISIS IN IRAN

Irish aircraft forced down by Iranian jet fighters

TEHRAN — Iranian air force jets forced down an Irish-owned airliner yesterday as it ferried a group of British and Irish air hostesses out of the country, but the aeroplane was permitted later to take off again from Tehran airport, the Irish Embassy said.

Meanwhile, it was understood that a private charter aircraft used by foreign television networks to fly film out of Iran was also forced down.

The incidents came as commercial jets began taking off again from Tehran's Mehrabad airport, speeding the departure of many foreign residents from the troubled country.

Military air traffic controllers took over yesterday from civilian staff who had been on strike for over 24 hours. Mr. Donald Hurley, the Irish Chargé d'Affaires in Iran, said that the Boeing 707 jet was owned by Guinness—Peat Aviation Company and was on lease to the state-owned Iranian airline, Iran Air. It was painted in Iran Air colours.

He said the flight was ferrying out of Iran 26 British and 10 Irish air hostesses employed by Iran Air but normally based in London. They had been stranded in Iran after Iran Air ceased operations last week, following the disruption of its activities by anti-Shah strikes.

According to diplomats, commercial aircraft began landing at Tehran Airport after a U.S. air force C-5A Galaxy came in safely in what was described as a "test run." A Lufthansa DC-10 from Frankfurt via Istanbul arrived soon afterwards and left about noon on the return trip, the airline's office said. A Pan American flight also landed, but its departure for Istanbul and Rome was delayed.

Commercial service to Tehran was interrupted on Monday and the airport closed after airport workers said they would no longer service U.S. or Israeli aircraft. The army subsequently took over the airport control tower.

Pan Am cancelled its flight but El Al, the Israeli flag carrier, landed and triggered the walkout, airport employees said. The walkout stranded hundreds of Americans and other foreigners who were heeding the advice of their embassies to leave Iran.

Meanwhile, in Italy, a plan for the immediate evacuation of 6,000 Italian workers and residents in Iran has been prepared by the foreign ministry in case the crisis in the country worsens.

The plan, jointly arranged with the other European Common Market countries, provides for mass evacuation of the Italian colony by civil and military planes, the officials said.

Agencies

Khomeini denies Libya link

PARIS—A source close to the Ayatollah Khomeini, Iran's self-exiled Moslem and political opposition leader, has denied reports that the Ayatollah is receiving money and arms from Libya and the Palestine Liberation Organisation.

The source said the Ayatollah had never had any contact with Libyan officials and did not have any relations "with specific organisations."

Reports from Washington quoted U.S. and European intelligence officials as saying a representative of Libyan leader Muammar Gaddafy and Farouk Khaddoumi, head of the PLO's political department, met with the Shi'ite leader on November 22 to offer arms and money.

Mr. Khaddoumi met with the Ayatollah in November at his residence in suburban Paris but sources said at the time that Mr. Khaddoumi only delivered a message from the PLO leader Yasser Arafat assuring him of the PLO's support.

Meanwhile, a Left-wing humanitarian organisation called the Secours Populaire Francais launched an appeal to all doctors and medical institutions in France "to help save human lives in Iran" with contributions of money, medicine and other medical supplies.

AP

Economy nears standstill as more foreigners prepare to leave

BY SIMON HENDERSON IN TEHRAN

LITTLE ECONOMIC activity has been taking place in Iran for the last ten days. Whole sections of business—the oilfields and refineries, the railways, the national airline and the banks—are formally shut or strike-bound. Most other sectors are not functioning because of local disturbances and shortages.

In Tehran yesterday some supermarkets reopened after being closed for two days. But although there was some bread, fresh fruit and vegetables, no milk was available. Traffic was light because of the lack of petrol and by lunchtime only one flight had landed at the airport because of an air controllers' strike.

Expatriates have provided Iran with much of its technical expertise—in the oilfields, in the nation's defence, in its nascent industries and, more mundanely, even in its supply of drinking water. With their exodus it seems likely that the confused state of Iran's economy can only escalate further.

Diplomats estimate that at least half, about 20,000, of the foreigners still here, are now trying to leave following the advice of their embassies. It is not a panic evacuation yet. Most are preparing to leave in the next few weeks rather than in the next day or so. But the present lack of any resolution to the political crisis over the Shah's future may change this very quickly.

Prestige economic projects, often with substantial foreign investment or personnel, are mostly in abeyance, according to diplomats and foreign bankers, although individual companies concerned rarely have made announcements. An exception has been Bell Helicopters which first stopped its co-production plans in early December and then last week announced it was abandoning servicing and advisory contract.

Westinghouse and General Electric, which flew out their employees for a vacation a month ago, are now thought unlikely to fly them back again in the next few days as initially intended.

The British Government-backed munitions complex at Isfahan has been "effectively suspended." A further worry for London is that if a hardline military Government emerges to prop up the Shah, then Left-wing opposition in Britain, it is felt, may prevent the sale of 1,200 advanced Chieftain tanks still on order worth about £300m.

In the oilfields, only 65 foreigners remain compared with 961 just before Christmas. With some Iranian assistance they pump out a mere 230,000 barrels a day, which meets only one third of domestic demand. There are no exports.

Western embassies in Tehran worry that foreign nationals working out in the provinces will be caught up in the troubles or will be physically prevented from reaching Tehran because of lack of petrol, flights and trains.

The oilworkers were flown out in a highly organised operation. For others flights could be organised to Gulf towns like Bandar Abbas. But for some foreigners living away from Tehran, the instructions in case of complete break-down are merely to go to the nearest crossing point, which could be Afghanistan, Pakistani Baluchistan and Eastern Turkey—all mountainous areas in mid winter.

For those that still remain, queues are becoming the rule for almost everything. Petrol can be obtained but usually involving a half day wait in line outside the garage. The black market price is £4 a gallon, ten times the pump price. Once home again a nightly power cut of about three hours looks like extending, at least on Monday's experience, to ten hours.

With the banks closed, either through strike or fear of mobs, there is also a shortage of cash. As in early December and November, Government departments are also at a standstill. Industry is now believed to be seriously affected by lack of fuel and a customs strike which has halted all imports except food and medicine.

The suddeness of the deterioration, obscured in part by Christmas and the New Year holidays, means that previous periodic economic assessments have had to be up-dated by several stages. No longer is it a question of finding out which projects are suspended. Now it is necessary to discover which might still be operating even at a low level. Embassies which would normally monitor this are now having to divert staff to the more pressing need of advising their own communities and preparing the real evacuation plans.

Those foreigners still at work include contract employees to Iranian firms, in particular technical specialists with the Armed Forces and the national oil and gas companies.

Some foreigners are expressing anxiety at the lack of evacuation plans and complications over tax clearance forms necessary to show at the airport. Once there, police and soldiers prevent anyone without a confirmed ticket entering the terminal building. After checking in, it is just a question of waiting for the incoming flight and hoping that, despite the traffic controllers' strike, it can land.

Iraq steps up supplies to India

By K. K. Sharma in New Delhi

IRAQ HAS stepped in to fill the gap in crude supplies to India left by the virtual suspension of oil imports from Iran. Iraq has agreed to supply a total of 6.5m tonnes this year, 4m tonnes more than last year. Iran normally supplies India with 6.5m tonnes but has sent just 80,000 tonnes since October.

The Petroleum Ministry is working on the assumption that there could be no supplies from Iran this year and has been in touch with other countries for additional shipments. It has met with remarkable success—mainly from Iraq which now becomes the single largest supplier to India—and now faces a gap of just 2m tonnes, in the estimated import requirement of 16.5m tonnes this year.

Mr. H. N. Bahuguna, the Petroleum Minister, is confident of making up the gap since the response from other Arab countries to India's request has been good. He hopes to sign the contracts for the remaining 2m tonnes this month.

In addition, the State-owned Oil and Natural Gas Commission has been asked to increase domestic production to 10.5m tonnes this year compared with 8.7m tonnes in 1978.

OVERSEAS NEWS

Salisbury publishes constitution

By Tony Hawkins in Salisbury

RHODESIA IS to be known as "Zimbabwe Rhodesia" after the introduction of the 1979 constitution according to a Transitional Government White Paper published here yesterday. The White Paper was published along with the draft constitution drawn by members of the biracial Transitional Government along the lines of the March 1978 internal agreement.

The draft constitution and White Paper went on sale in Salisbury yesterday as news was published of two terrorist incidents in the capital. Nationalist guerrillas attacked an occupied house in the suburb of Borrowdale about 10 miles from the city centre. One of the seven people in the house during the attack received minor shrapnel wounds.

In a second incident, a gang of armed blacks failed in their attempt to kidnap Mr. Ariston Chambati, an African lecturer in political science at the University of Rhodesia and a senior official in Mr. Joshua Nkomo's banned Zimbabwe African People's Union.

Mr. Chambati locked himself in his house and called the police, while the black gunmen injured two white members of the university. The two men, Professor Louis Muggleton and Mr. George Cross, a janitor, were both said to be "comfortable" in Salisbury hospital. Friends of Mr. Chambati blamed the armed supporters of the Rev. Ndabaningi Sithole's Zimbabwe African National Union (ZANU) for the attack.

The assault on the Borrowdale house was the third on a house within greater Salisbury in recent months. The house was extensively damaged by a guerrilla rocket and the occupants were also subjected to a brief burst of small arms fire before the guerrillas fled.

There are no surprises in the draft constitution which follows very closely the principles agreed in the internal agreement.

Cambodia appeals for help against 'Warsaw Pact'

BY RICHARD NATIONS IN BANGKOK

CAMBODIA YESTERDAY appealed to the world for support against what it claimed was a large-scale invasion by Vietnamese and Warsaw Pact forces which "has seriously threatened the independence" of Cambodia.

In a statement broadcast over radio Phnom Penh yesterday, the Cambodian President, Mr. Khieu Samphan, said his country faced a "second strategic offensive" by a massive land invasion into Ratanakiri province in the north-east, and the critical Mekong river port town of Kratie.

His charges came one day after the Vietnamese-backed Cambodian Salvation Front claimed to have "liberated" Kratie on December 30, as well as two district capitals in Ratanakiri province, Ba Keo and Bung Lung.

Diplomats cannot confirm that Kratie has fallen to either the Cambodian insurgents or the Vietnamese, alhough no one discounts the Salvation Front's claims entirely.

If Kratie has changed hands, the Vietnamese would be able to cut off the north-eastern third of the country from supplies and reinforcements from the capital by road and river, paving the way for this area to be declared a fully "liberated" zone by the Salvation Front. The Cambodian President also claimed that air attacks have been stepped up sharply in the past week in the north-east, the "fish-hook" area, and along the eastern banks of the Mekong at Chup, Chlong, and Suong.

He said that Vietnam had been joined by Soviet and Warsaw military pact forces in launching the invasion, which not only threatened Cambodia but "seriously threatened the the independence . . . peace and stability in South East Asia, Asia, and the world."

Analysts here agree that fighting in eastern Cambodia has escalated over the past week, but some note that an appeal to the world against an invasion by Soviet, Warsaw Pact and Vietnamese forces falls in line with the new military strategy of "protracted warfare" first proclaimed by Mr. Ieng Sary the foreign minister in an interview with the New China News

While the attention of both sides seems concentrated in the east and north-east of the country, analysts say there are no signs yet that Vietnam is preparing for a direct strike either against Phnom Penh or the seaport town of Kompong Som.

West Bank settlers halted

BY DAVID LENNON IN TEL AVIV

THE ULTRA-NATIONALIST Gush Emunim settlement movement has run into army resistance and public indifference during a week of sporadic attempts to establish new Jewish settlements on the occupied West Bank of the Jordan.

The army moved quickly again yesterday to force two dozen would-be settlers off a hilltop which they had occupied near the Jerusalem-Hamallah road. It was the fifth settlement attempt to be quashed by the army in the past week.

Another small group of Gush Emunim settlers were camped for the third day yesterday beside an army roadblock which was preventing them from moving on to a hilltop near Nablus.

Other members of the movement blocked roads on the West Bank, declaring that if Jews were not allowed to move freely in the area they would deny free movement to the Arab residents. The army forced them to move after a short time.

Israel has built 48 Jewish settlements on the West Bank since occupying it in 1967. After the Camp David talks in September the Government imposed a temporary halt on new settlements to facilitate the peace negotiations.

The public and the news media have displayed relative indifference to the latest settlement attempt by Gush Emunim. The movement has also had difficulty in finding recruits for the dozen settlements which it has built on the West Bank in the past few years. Four of them closed recently for lack of settlers.

China invites Goldwater

PEKING — Mr. Deng Xiaoping (Teng Hsiao-ping), China's Vice-Premier, has invited Senator Barry Goldwater, the chief supporter in Congress of the Taiwan Government, to visit Peking to discuss reunification of Taiwan and the mainland.

Deng gave the invitation in a two-hour meeting yesterday with Mr. Thomas L. Ashley, the Democratic Representative from Ohio, and seven other members of the House Banking Committee.

Deng said he is aware of Senator Goldwater's unhappiness and the controversy between the U.S. and Taiwan as a result of the U.S. reconnition of the Peking Government. But hoped to convince the Senator that reunification is in Taiwan's best interest.

AP-DJ

KENYAN POLITICS

Moi declares war on corruption

BY JOHN WORRALL IN NAIROBI

THERE IS a strong strand of conservatism running through Kenyan politics, an attitude which derived from the views of the late President Kenyatta. The conservatism has ensured a certain stability, but it has also allowed for the build-up of various internal ills, like corruption.

However, Kenyatta's successor, President Daniel Arap Moi, has in his first three months in office rocked the boat rather thoroughly. He has declared war against bribery and corruption in the public services and other areas, has released all of Kenya's 26 political detainees, some of whom have been behind bars without trial for years, has shaken up the army, police force and diplomatic service, declared a 10 per cent increase across the board in wage employment, and abolished some school fees.

This is an impressive record for the schoolmaster-trained politician who worked for 10 years as vice-president in the formidable shadow of "Mzee" (Old Man) Kenyatta. It almost looks as though he had been waiting for an opportunity to break out.

It would not be unnatural of course for a new President to make a bid for public popularity, and this he has certainly won. Moi is also known by his friends to be a deeply religious man, with an austere private life and a high regard for public morality.

Bribery and corruption has become a way of life in many African countries, and while Kenya is not as tarnished as many states, it has in no way escaped.

One instance in Kenya is the huge sums which have been made out of smuggling Ugandan coffee through Kenya by highly placed persons who have needed the co-operation of police and officials, and have got it, at a price.

Moi, with the backing of his top ministers, Mr. Mwai Kibaki, the Vice-President, and Mr. Charles Njonjo, the attorney general, has now cracked down. After a particularly angry atack in Parliament by Mr. Njonjo on "a few police officers who have disgraced the uniformed forces by indulging in corrupt practices," the personal assistant to the Police Commissioner resigned, followed by the Police Commisioner himself, Mr. Bernard Hinga. Five provincial assistant police commissioners have been retired.

At about the same time, a senior assistant Police Commissioner Mr. James Mungai, fled to the Sudan after being given enforced leave pending investigation into police irregularities. He has not returned.

Two prominent MPs were given five-year jail sentences for smuggling coffee, a case in which the Police Commissioner's personal assistant, mentioned previously, was allegedly involved.

Moi's campaign is seen as more than a cometic operation. But how far he means to go up into the establishment will probably not be clear until after this year's general election, following which some ministers seem almost certain to be dropped.

Already, the President has moved into sensitive Government areas like the Ministry of Works, is starting investigations into Government corporations showing big deficits and is grappling hard with the land question, for years a source of substantial fortunes made by people grabbing Government land meant for settling the landless poor by bribing officials.

Moi's first executive action was to suspend the allocation of land indefinitely until machinery was set up to prevent this sort of thing happening.

It is obvious that although Moi may have made many friends by all these moves, he has inevitably made enemies. In fact early in October Charles Njonjo charged in Parliament that a special police "stock theft" force of about 200 highly-trained men had been set up as an assassination squad before Kenyatta's death to eliminate Moi, Kibaki and himself.

Now investigations are going on into the embezzlement of some £5m in the Rift Valley, reportedly involving police and Government officials.

Moi has also won an enthusiastic countrywide response for releasing all 26 political detainees held without trial in Kenya's jails. Among them were several populist MPs including a Deputy Speaker in the National Assembly, Mr. Marie-Jean Seroney, and the celebrated Kenyan author, Professor James Ngugi wa Thiongo, head of the literature department at Nairobi University.

AMERICAN NEWS

Washington Star averts shutdown

By Jurek Martin, U.S. Editor, in Washington

CONTINUED PUBLICATION of the Washington Star, the U.S. capital city's afternoon newspaper, was assured when the local printing union finally agreed to accept the redundancies of nearly half its members over the next six months.

The newspaper did not appear over the holiday weekend, as management and the last of the 11 unions represented at the Star negotiated under a threat of permanent closure by the Star's owners, Time Incorporated. At one stage in the bargaining, a federal judge issued a temporary restraining order preventing such a closure, and at another time warned it would declare the publication bankrupt.

Time, which acquired the Star early last year, has promised to inject as much as $60m over the next five years to modernise the newspaper and make it more competitive with the dominant Washington Post, the morning publication. But, as a quid pro quo, it has demanded, and appears to have obtained, a substantial degree of control over terms and conditions for its employees.

The local printers union, representing 175-185 Star employees was the last obstacle. Initially, it refused to give in to management's requirement that 80 give up their jobs by next June, sweetened by an offer to buy out those who resigned with cash payments of up to $40,000, largely because this violated lifetime employment guarantees in the existing contract with the Star.

The ultimate compromise, which union leaders admit was not entirely satisfactory, leaves the union contractually obliged to provide 80 redundancies by next June, but preserves the lifetime guarantee for the remaining printers. If the Star further reduces the staff in its composing room—it has said it would like to cut it in due course to 50—it must find other jobs with the newspaper for those displaced.

The rank and file printers union members had been sticking because only about 65-70 of them had expressed interest in the Star's redundancy offer. If the union fails to persuade enough additional members to leave their jobs by mid-year, it technically leaves itself open to breach of contract action by the management.

As a result of the negotiations, the Star's management seems further to have weakened the grip of the writing and craft unions in a city where their power had already been attenuated by the bitter dispute with the Washington Post two years ago.

Journalists, for example, are no longer entitled to automatic cost-of-living increases, but will be rewarded with merit increases drawn from a pool equavilent to 8 per cent of the annual salary bill.

The management has also gained freedom to use non-union workers in several areas of newspaper production, including distribution, and to re-allocate the jobs of the existing work force.

Castro attacks U.S. for causing 'thousands of S. America deaths'

BY HUGH O'SHAUGHNESSY

LIKE HIM or loathe him, the chanceries of the world can never ignore the President of Cuba. An unexpectedly tough sppech by President Fidel Castro on Monday, the 20th anniversary of the Cuban Revolution, had the envoys from the U.S., Egypt and China marching out of the room in protest at his remarks. The U.S., he said, was hypocritical and was responsible for the deaths of tens of thousands of people in Latin America, the Chinese were responsible for "great treason" and selling its revolution for a mess of Western technology and money while Egypt, too, had sold out to the West.

At a time when the Cubans are welcoming a procession of senior U.S. guests and an increasing flow of tourists from round the world there has been increasing speculation once again that Havana is on the verge of making it up again with Washington. Mr. Lyle Lane, the senior diplomatic representative of the U.S., has been hard at work for more than a year now under the aegis of the Swiss Embassy in Havana, an ambassador in all but name, working out of that imposed building on the sea-front which used to house the U.S. embassy.

President Castro has released many hundreds of political prisoners and relaxed emigration procedures for them and has begun wooing the Cuban exile community into a dialogue, the terms of which he himself is strictly controlling. For the past two years he has been making it clear that many sectors of the economy will be open for foreign investment, as never since 1959.

But the Cuban President has over the past few weeks made several gestures, of which Monday's was the most forceful, which were clearly meant to disabuse those who were beginning to believe that he was going soft on capitalism.

He has made it clear that he is unwilling to sacrifice the guidelines of his diplomacy for the sake of any accommodation with his big northern neighbour, important though such an accommodation is in economic terms.

The Cuban Government has said that it will not withdraw its soldiers from Africa in the cause of better relations with Washington. Like a mastiff with a stick between its teeth it has refused to abandon the cause of Puerto Rican independence.

The stubborn nature of President Castro's line is remarkable in the face of the continuing economic weakness of Cuba whose fortunes continue after two decades of revolution to be governed to a large extent to the price of its largest export, sugar. Despite the high fixed prices the Cubans get for the portion of their crop they sell to the Soviet Union and despite the increases in mechanical harvesting and the efficiency of the grinding process the economic hierarchs in Havana must be bitterly disappointed that the world price remains less than 10 cents U.S. per pound.

It is as though every new item of bad news in the economic field or every foreign newspaper article suggesting that President Castro is coming round to a more westernised view of the world makes him protest with increased fervour his country's own individualistic line.

There is no doubt that the Cuban President is taking every measure which could ensure the success of the summit meeting of the non-aligned nations planned to take place in Havana in September.

This conference, after all, is a major step towards the achievement of President Castro's most cherished ambition, to make Cuba one of the undisputed leaders of the Third World.

World-price ruling for new oil

BY DAVID LASCELLES IN NEW YORK

IN WHAT could be the first step towards President Carter's goal of freeing domestic oil from price controls, the U.S. Energy Department has proposed that newly discovered oil should be sold at world market prices.

The department said yesterday that the idea was to encourage the oil companies to explore for and to produce domestic oil so as to reduce the growing level of imports.

Under present regulations, U.S. oil is divided into three categories: old oil brought into production before 1972, which sells at about $6 a barrel; new oil brought into production since then, selling at nearly $13 a barrel; and uncontrolled oil coming mainly from wells producing less than 10 barrels a day, which sells for $14 a barrel. (Alaskan oil is in a special category close to world prices.)

The proposed new category would thus constitute a fourth price tier. But the department said that although it would be linked to world market prices, "excessive" increases would be disallowed.

The attraction of the proposal from the Administration's point of view is that it can be implemented as a change in the regulations without congressional approval. It could thus pave the way for the total deregulation which the Administration believes will encourage conservation and which the oil industry sees as a means of increasing revenues to finance further exploration.

Total deregulation would have to be approved by congress, however, and it is not clear how Mr. Carter will approach that question, nor what the attitude of Congress is likely to be.

Treasury ruling soon on imports of textiles

WASHINGTON — The U.S. Treasury is expected to rule later this week on whether textile and clothing imports from five countries will require countervailing duty to be imposed.

Imports from Singapore, Malaysia, Thailand, Pakistan and Mexico are being investigated.

The Treasury decided in November that countervailing duties were necessary on textile imports from Uruguay but found that South Korea, Taiwan, India and the Philippines did not subsidise their exports to an extent which required the U.S. to impose countervailing duty. In the earlier cases, Brazil agreed to phase out its export subsidies, and the Treasury approved a temporary waiver of the penalty duties.

In the cases involving Singapore, Malaysia and the other three countries, Treasury officials said they are required to determine by next Friday whether these countries are subsidising their exports to the U.S. These cases, however, will involve "preliminary" determinations, and the Treasury will have six more months to decide whether or not the penalty dutieh are needed.

The Treasury Department's authority to issue countervailing duty waivers expired at midnight last night so such waivers would not be possible for textile imports from Singapore, Malaysia, Thailand, Pakistan and Mexico.

The Treasury announced last Friday that, even though the countervailing waiver authority is expiring, it will not start collecting the penalties immediately on the outstanding countervailing duty cases. Instead, U.S. importers will be required to post bonds to cover penalty duties which might have to be imposed later by the Treasury Department if the U.S. Congress fails to extend the waiver authority.

AP-DJ

Customer sought for surplus reactor parts

By David Fishlock, Science Editor

A U.S. ELECTRICAL utility is trying to find an overseas customer for portions of two big nuclear reactors which it ordered, but no longer needs.

The Virginia Electric and Power Commission, which supplies Washington, says that the customer could save up to $400m and two years in construction time by buying the two Babcock and Wilcox pressurised water reactors "off-the-shelf." The 900-MW reactors are no longer needed because of a levelling-off in the forecast growth of electricity demand.

According to International Energy Associates, the consulting engineers who are attempting to find a customer for the utility, the reactors are 39 per cent complete.

The depressed state of the U.S. utility market for new nuclear plants—only two reactors were ordered during 1978—has obliged the Virginia utility to look overseas. Japan is seen as the most promising prospect.

WORLD TRADE NEWS

Jordanian contract for Wimpey

By Rami G. Khouri

BRITISH CONTRACTOR George Wimpey has won a fiercely contested contract to undertake some of the most complicated construction work in the Middle East. Wimpey has been awarded the $111m contract for the civil works of the potash project being built along the south eastern Jordanian shore of the Dead Sea, the lowest spot on earth.

This is the largest single contract ever awarded in Jordan. It involves building 55 kilometres of compacted earthfilled dykes which will enclose about 100 square kilometres of "pans" within which Dead Sea brine will evaporate to leave carnallite deposits which are passed through a refinery for conversion into powdered potash.

The work will be undertaken in a treacherous area of mud-flats where several local workers and guards have died after falling into the hot mud and being exposed to the severe heat and intense summer sun. The contract is scheduled to be completed in three years from start up this month.

Meanwhile two other smaller contracts have been awarded. One worth $1m to the London office of the Anglo-American concern Delotte Haskins and Sells to provide accounting, financial and management consultancy services. The other to The Hague office of the American concern King Kilkinson to reinforce the Arab Potash Company's technical staff and provide cost control advice.

London trade mission to South-East Asia

Financial Times Reporter

THE LONDON Chamber of Commerce and Industry is sending a top-level trade mission to Singapore, Malaysia and Thailand for three weeks from Friday. The mission will help support the visit to the same countries by the Trade Secretary, Mr. John Smith, who arrives in Singapore today.

A spokesman said the LCCI's mission, which has British Overseas Trade Board (BOTB) support, would aim to strengthen the already sound trade links with the three countries which have a combined market population of more than 50m and an enviable economic growth rate. He said these growth rates, which range from 6.2 per cent in the case of Thailand, to 7.5 per cent in Malaysia and 8.4 per cent in Singapore, reflected well-planned industrial developments largely depending for their success on a high-level of imports, particularly in high technology, plant and machinery.

With members representing a wide area of the UK's industrial and commercial life, the mission hopes to exploit a potential import expenditure which has been estimated at more than $9.068m in Singapore, $3,336m in Malaysia, and $3,627m in Thailand. The mission is led by Dr. P. A. L. Northcott, director of W. S. Atkins.

China orders chemical plant from Lurgi

By Guy Hawtin in Frankfurt

LURGI, the Frankfurt-based engineering company, has been awarded two major contracts by China. Both come within the framework of the trade accord signed between the Federal Republic of Germany and China.

One contract is for the supply of a methanol plant producing 300 tonnes per day of methanol from heavy oil fractions. The other is for a coal-based ammonia plant with a capacity of 1,000 tonnes per day.

The methanol plant is based on the Lurgi low-pressure process which uses a feed-stock of crude oil residue. This is converted to methanol synthesis gas, produced by the Shell Oil gasification process and purified by a combination of the Lurgi Amison and Purisol processes.

The ammonia plant comprises Lurgi coal pressure gasification, gas purification and conditioning, ammonia synthesis and facilities for utility production and by-product treatment. In this plant all units use Lurgi processes, except the ammonia synthesis which is based on Topsoe technology.

Fertilisers licence

Norsk Hydro, the Norwegian metals, chemicals and energy concern, has concluded a licence agreement with China for the construction of a 3,000 tons per day fertiliser plant, using Hydro's technology, Fay Gjestern writes from Oslo. Main contractor for construction of the plant will be Tokyo Engineering, of Japan, which has previously built similar plants in other countries under licence from Hydro. A spokesman for Norsk Hydro declined to disclose the value of the licence agreement itself, but said it would involve deliveries by Hydro of process equipment worth around NKr 50m (£4.95m).

USSR and East Germany reduce trade expansion

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION and its largest trading partner and most important political ally, East Germany, have agreed on the smallest expansion of trade in 1979 for several years.

Trade between Moscow and East Berlin is set to reach the level of 8bn transferable roubles, a nominal increase of about 5 per cent over the past year. However, after deducting annual price rises, especially for Soviet oil, natural gas and raw materials, the volume of trade will virtually stagnate for the first time since 1975, when the terms of trade shifted sharply in favour of the Soviet Union.

Planned Soviet oil deliveries to East Germany of 18.5m tonnes are only slightly higher than the 1978 level. East Germany will have to import the remaining 15 to 20 per cent of its oil needs from OPEC countries with the added expenditure in scarce dollars.

The slow-down in the growth of trade between Moscow and East Berlin contrasts with what was officially called its "continuous, planned and dynamic development." In fact, trade advanced by 32 per cent in 1975, 5 per cent in 1976, 17 per cent in 1977 and was 13.5 per cent higher in the first nine months of 1978. East Germany has been piling up large trade deficits with the Soviet Union and the East German shortfall this year is expected to reach 610m transferable roubles.

According to an expert on Comecon trade, Dr. Heinrich Machowski of the German Institute for Economic Research in West Berlin, the volume of Soviet exports to East Germany is expanding at a higher rate than was expected when the terms of trade shifted to Moscow's advantage.

The increase in Soviet exports to East Germany beyond the rate of price increases for Soviet energy and raw materials amounts to Soviet credit to East Germany, its vital political and economic partner.

The full effects of the price increases on the East German economy have yet to be felt but the East German leadership has been preparing the population for much greater efforts in production in coming years.

● The Export Credits Guarantee Department has guaranteed the repayment and funding for a $30m line-of-credit which Morgan Grenfell, acting on its own behalf and for the Bank of Scotland and Moscow Narodny Bank, has made available to the Warsaw state trading bank, Bank Handlowy of Poland.

The loan will help finance contracts awarded by Rolimpex of Poland to UK exporters for the supply of UK produced barley and wheat. Exporters will receive 85 per cent of the contract value from the loan: the remaining 15 per cent is payable from the buyer's own resources.

Swedish pulp industry in aid talks

BY WILLIAM DULLFORCE IN STOCKHOLM

THE SWEDISH Industry Minister, Mr. Erik Huss, has appointed a two-man team to negotiate State support for Swedish pulp and paper concerns in financial difficulties. The two are Mr. Martin Rutger Loef, who negotiated the State takeover of the Kockums Shipbuilding Group, and bank director, Mr. Goesta Olsson.

The Minister's action comes as market conditions appeared to be improving with increases of over 20 per cent in pulp deliveries and of over 17 per cent in paper and board exports in 1978. A first quarter price of $410 a tonne for bleached sulphate pulp is also calculated to bring the pulp mills back to profit.

But the improvement follows two years in which the Swedish forest industry has suffered heavy losses, roughly SKr 1bn ($227m) in 1977 and probably almost as much in 1978. Several concerns are in financial trouble and others badly need to consolidate.

Mr. Huss said state involvement was needed to overcome the industry's acute problems but the other parties concerned would have to co-operate in solving the structural difficulties. The Riksdag (Parliament) has authorised the Government to grant credit guarantees up to SKr 900m to the forest-based companies.

The two negotiators will concentrate first on the forest owners' concerns, NCB, Sodra and Vaenerskog, all of which have been making heavy losses. Sodra's is expected to return to profitability this year but has been looking as far afield as Japan for a partner to help carry the financial burden of a SKr 2bn pulp and paper project.

NCB has already received state aid without which it would have been bankrupt. The State support was made conditional on changes in the concern's top management.

Among the private companies involved are Billerud Uddeholm, the newly merged group which will report a SKr 200m loss for 1978 and has just changed its managing director, and Stora Kopparberg. The latter is not in difficulty but is one of three companies planning to build new mills to produce magazine paper. The Government believes there is room for only one mill in the near future.

Paper imports to the U.S. reach record levels

BY MAX WILKINSON

STRONG DEMAND for paper and paperboard products in the U.S. in 1978 caused imports to rise to a record level, most of them from Scandinavia.

Year-end figures from the American Paper Institute show that consumption in the U.S. increased by 5 per cent, compared with the previous year, although the growth in overall business activity was only 3.8 per cent.

The buoyant demand helped to restrict exports of paper and pulp from the U.S. and thus to ease the pressure on the European market, where pulp prices have risen significantly, and mills have been able to improve their production to around 80 to 85 per cent of capacity.

Imports into the U.S. were running at an annual rate of 9.4m tonnes, the institute says. If this rate is maintained in the fourth quarter of 1978 imports would be up by 23 per cent compared with the figure for 1977.

Demand for newsprint, which accounted for 7.5m tonnes of imports, has been strong. Imports of printing and writing papers have also been well above the 1977 level, at 950,000 tonnes, representing 6.5 per cent of total domestic production of these grades.

Exports from the US showed only modest gains compared with the previous year, except for unbleached kraft linerboard, at 13 per cent above last year's level. Total exports of paper-grade woodpulp were 4.5 per cent ahead of the 1977 level, at 1.55m tonnes.

Hungary-EEC textile deal concluded

By Rhys David

AN AGREEMENT with Hungary covering textile trade has been concluded by the EEC Commission following a year's delay caused by a dispute over the text.

The agreement puts Hungary on a similar footing to other low-cost suppliers with which the EEC has negotiated bilateral agreements under the GATT Multi Fibre Arrangement. Under the deal Hungary will restrain at agreed levels its exports to the EEC of certain textile products until the end of 1982.

The agreement came into operation yesterday

TWA chairman optimistic about airline prospects

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD airline industry is moving into 1979 on an optimistic note, convinced that the coming months will see a further expansion of traffic, stimulated by cheaper fares.

Mr. L. Edwin Smart, chairman of Trans World Airlines, one of the biggest airlines in the U.S. and the biggest passenger-carrier across the North Atlantic, said in a New Year message that he does not fear an economic recession in 1979.

While there may be some "dampening" of the "explosive growth" of 1978, the predictions so far "are for a controlled dip, followed by a resurgence rather than a prolonged slump."

He added that he foresees "no prospect of the severe financial reversals that occurred in the mid-1970s, when a severe recession caught the airlines with over-optimistically increased capacity.

"The bulk of the industry's recent capacity growth has been in the form of increased seating densities on existing aircraft, rather than on new aircraft. The airlines' capacity is currently far better tailored to the market than in the past."

Mr. Smart said that in the coming year, both in the U.S. and world-wide, vigorous competition would be proved as a act of life.

OIL GROUPS IN SINAI

Gambling on Mideast peace pact

BY MAURICE SAMUELSON

BRITISH PETROLEUM is closely watching the Middle East peace negotiations before deciding whether to broaden its search for oil in the Sinai peninsula, which would return to Egyptian control if a peace treaty were signed with Israel.

At the end of last month, BP became the second Western oil company to acquire prospecting rights in the southern part of Sinai, which Israel would evacuate in the initial phase of its withdrawal. BP gained exploration rights in 700 square kilometres near Ras Sabil for eight years, during which it would spend $19m.

In October, the Continental Oil Company, Conoco, signed a similar $53m agreement to explore 866 sq km of southern Sinai. Both agreements are with the Egyptian General Petroleum Corporation and would come into force six months after Israel and Egypt made peace.

In a bid to double its oil output to 1m barrels a day Egypt wants to involve Western companies in other areas of Sinai, captured by Israel in the 1967 Six Day War.

Although the financial commitments in the BP and Conoco agreements remain inactive until there is a successful outcome of the current peace negotiations, both companies have already gambled on success in the form of a "signature bonus" paid to the Egyptians. BP's payment was $2m.

The Israelis, too, would like to stay involved in the Sinai oil fields. In particular, they would like to continue taking oil from the Alma field, on the east coast of the Gulf of Suez. Output of the field's seven wells rose last week to 29,000 barrels a day, about a fifth of Israel's national consumption. It is currently ferried by tanker to Ellat on the Gulf of Aqaba, where it is pumped into Israel's trans-Negev pipeline.

Egypt's accelerated oil search is part of its wider bid to entice Western investment with the prospect of peace with Israel. Egypt has already shown, well in advance of a treaty, that it is ready to disregard the Arab boycott rules and to do business with companies blacklisted by the Central Boycott Office in Damascus.

Barclays Bank International and the Coca Cola Company are among the main blacklisted companies permitted to invest in Egypt. According to reports from Beirut, the Egyptians would like investment by the Ford Motor Company and the Schweppes soft drinks concern, even though the Ford Escort car is assembled in Israel and Schweppes has a stake in an Israeli company.

However, Egypt has not gone so far as to welcome investment by actively pro-Israeli companies like Marks and Spencer, whose chairman, Sir Marcus Sieff, has offered assistance to Egyptian industries.

The Israelis, too, are not waiting for the conclusion of a peace treaty before launching a major drive for Western investment. In February, a seminar will be held in London for potential investors in Israel, under the chairmanship of Sir Monty Finniston, the former British Steel Corporation chairman who is now a director of Sears Holdings. The chief speaker will be an official of the Bank of Israel who has carried out research into the broader commercial aspects of the Camp David treaty.

The Israelis themselves are keen to assist Egypt's national reconstruction and see new outlets for their pharmaceutical, textiles and telecommunications industries. But they say they would like to do so in partnership with Western concerns, including British companies.

Another project might be the rebuilding of the railway from Egypt to El Arish in Sinai. Israel claims the work involved in the rail project could be completed in three years at a cost of $150m.

An immediate consequence of the treaty would be the major construction work in Southern Israel caused by the redeployment of the Israeli Army. West Germany and Dutch companies have already shown interest in this work.

UK NEWS

Tories join call for union restraint

By Philip Rawstorne, Lobby Correspondent

MR. CALLAGHAN'S appeal for trade union restraint drew a sharp response yesterday from Conservative MPs.

Mr. Michael Heseltine, Conservative spokesman on the environment, said that no one bore a deeper personal responsibility than the Prime Minister for the "overblown powers which the unions have assumed or been given."

Mr. Callaghan had opposed attempts by both Sir Harold Wilson and Mr. Edward Heath to curb union power. "The minister that he has unleashed has now turned on him.

"Britain's tragedy is that there is always someone, somewhere, prepared to mobilise the extremists in the union movement when patently the national interest demands a united and resolute political will to return to common sense."

Mr. David Howell, a Conservative spokesman on home affairs, said that the question of trade union power had now forced its way to the top of the political agenda.

Abuse

"The need for better democracy in the unions, the lack of financial deterrents on 'trigger happy' strikers, the abuse of the closed shop, the growing signs of intimidation—these issues cannot be evaded."

Westminster and Whitehall had been mesmerised into entrenching union power in a web of immunities and privileges.

The policy-making establishment had shown "a pathetic readiness ... to bow to what they tremblingly believe to be the voice of trade unionism, when in reality the vast majority of trade unionists and non-unionists alike are longing to break the mould and cease damaging each other."

Tories 'plan incomes policy'

By John Hunt, Parliamentary Correspondent

IF THE CONSERVATIVES are returned to power under Mrs. Margaret Thatcher, they will quickly introduce a policy to control incomes and prices, according to Mr. Enoch Powell, the former Tory Cabinet Minister who is now Ulster Unionist MP for South Down.

Mr. Powell's allegation, made at the start of an election year, raises a particularly sensitive issue for the Conservatives after the internal differences within the party over incomes policy last year.

He said in London last night that all British politicians were now aware that control of money supply was the key to holding down inflation. In spite of this, governments continue to "sin against the light" by introducing successive incomes policies.

History

There was no hope of escaping from this through a change of government. The Conservatives under Mr. Edward Heath in 1970 came into office utterly rejecting the philosophy of compulsory wage controls. But by 1972, they had enshrined just that philosophy with legislation of unparalleled rigour.

That was history, but it was doubtful of anyone had read the speeches of Mrs. Thatcher without thinking: "If the Conservatives were to get in again, they would be off once more on a policy of price and income control before you could say Jack Robinson."

Everyone now knew that it was money supply "that does the trick," but governments continued to go astray in pursuit of popularity, to make things easy for themselves, to avoid trouble and gain votes.

In its pursuit of a wages policy, the Labour Government was running headlong into conflict with one section of the public after another.

'Decline likely in luxury goods spending'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING by consumers on non-essential goods and services is expected to slacken significantly this year after the sharp growth of the last 12 months, according to a new analysis from Staniland Hall Associates, a business forecasting group.

The latest quarterly issue of the group's Consumer Spending Forecasts projects a slower expansion of the volume of discretionary expenditure from 8½ per cent last year to 3½ per cent this year. This is expected to be within the slower growth of overall consumer spending from 5½ to 2½ per cent between the two years.

Discretionary spending covers cars, household durables, clothing and footwear, beer, wines and spirits and various services.

The slowdown is projected as a result of a much slower rise in living standards than last year, and an expected increase in indirect taxes in the spring budget.

Within the totals, spending on cars, which rose by an estimated 23 per cent last year, is projected to decline by 5½ per cent in real terms this year.

The increase in spending on household durables is projected to slacken from 10 to 4 per cent between last year and this year, while the increases for the two years are estimated at 8 and 2½ per cent for clothing and footwear, and at 12 and 4 per cent for wines and spirits.

The Staniland Hall report discusses in detail the prospects for leisure spending, about 23 per cent of all consumer expenditure. It suggests that spending on leisure times should increase by an average of 4 per cent a year in real terms over the next five years.

The most rapid rates of growth—about 6 per cent a year—are forecast for entertainment and recreational services and leisure goods and equipment.

A slower overall rate of output growth in the UK has also been forecast by the Henley Centre in a report especially commissioned for this evening's edition of the Money Programme on BBC2.

Henley projects a slackening in the expansion of total output from 3.8 to 3.0 per cent between last year and this year, with the result that unemployment will begin to rise again in the second half of this year.

Investment

The report also examines, as will the television programme, prospects for various regions of the UK. Total output is expected to grow less in England than other parts of the country, with investment per worker only about two-thirds of the rest of the UK.

In Wales, the large investment programme—for instance by Ford Motor—should ease the heavy dependence on the steel industry and mean a slight fall in unemployment.

In Scotland, total output should rise this year by 4.1 per cent, compared with a 3 per cent increase for the UK as a whole.

In Northern Ireland, output should increase by 7.5 per cent in real terms this year after a 3.9 per cent rise last year.

Brokers de Zoete and Bevan argue in a new review that a more restrictive set of policies will be needed to reduce the present overheating of the economy and offset potential rises in the cost of imported materials. Interest rates should remain high for most of this year.

Closer links sought among services

FINANCIAL TIMES REPORTER

THERE IS "still a long way to go" in improving consultation and collaboration between housing and other social services, according to a report from the Central Policy Review Staff, the Government's "think tank."

The report—Housing and Social Policies: Some Interactions—looks at the impact of housing policies on a number of other services, including personal social services, education, social security, police and employment.

It concludes that although many authorities are co-operating better, more integration can be achieved.

"There is a substantial gulf between the viewpoints of people in different services and at different levels of responsibility," the report says.

"At one extreme, there were those in central government confident that their policies were understood and effective. At the other extreme were providers of services at the local level, unaware of the reasoning behind central policies and concerned with quite different objectives."

The report accepts that there could never be a "total social strategy" in which existing policy and new decisions are related to one another, and that more integration at central government level could impinge on the freedom at local level, to arrive at the balance of measures considered appropriate.

Developments across a wide field, from housing investment programmes and inner city partnerships to transport policy and National Health Service Planning, needed to be compatible with each other and the Department of the Environment could look comprehensively at this problem.

Call for London local government shake-up

BY PAUL TAYLOR

THE London Chamber of Commerce has called for a big shake-up in London's local government structure, with greater powers given to the London boroughs and some powers devolved from central Government to the Greater London Council.

The Chamber, which has 8,000 members in Greater London, says that in many areas there is far greater scope for transferring power downwards than was envisaged in the Marshall Report on the GLC published in July.

In five areas, planning, transport, employment, housing and education the Chamber seeks increased devolution. It calls upon the GLC to ensure early implementation of its proposals directly or through legislative changes where necessary.

On planning, the Chamber says that procedures should be simplified within a much clearer development framework. Like the Marshall Inquiry, the Chamber accepts that development control should remain the responsibility of the local boroughs within a flexible GLC land-use plan.

However, it also calls for an ending to Government intervention through Industrial Development Certificates and Office Development Permits which the Chamber says should be scrapped.

The chamber says that confusion can arise when borough and GLC industrial policies conflict and suggests that the boroughs should be given greater autonomy over business and employment matters. It rejects the Marshall proposal that companies should have to contact the GLC before meeting the local council.

The Chamber accepts that the GLC should be made the sole planning authority responsible for implementing the Docklands Strategy.

On transport, the Chamber says the Government should hand over responsibility for all trunk roads in Greater London to the GLC, which should also be made a passenger transport authority.

Squirrels threaten forests

BY COLLEEN TOOMEY

SCOTLAND'S forest owners are facing attacks on their woodlands from two pests in addition to the already rampant Dutch elm disease.

Both state and private owners are concerned at the growing numbers of grey squirrels, which attack hardwoods, and the spread of the beauty pine moth, which attacks foliage.

The Scottish Woodland Owners Association (Commercial) group, which represents private interests, says that the grey squirrel poses "a greater threat to our landscape than Dutch elm disease."

Its latest newsletter calls for the pesticide Warfarin to be made legal in parts of Scotland to control the grey squirrel.

The Forestry Commission says that it is trying constantly to get woodland owners to control the grey squirrel, but it is the private forestry owners with the bulk of hardwood forests that are being hit.

Commander Tony Claridge, secretary of the Scotland Woodland Owners Association, says that 8 per cent of the land planted for timber is affected by the grey squirrel, with the spread going from Deeside in the north to Tweedside in the south.

Last week the association sent out a questionnaire on grey squirrel populations to 1,500 owners, organisations and companies including forestry contracting firms.

"If we find that squirrel populations have increased dramatically as reports would indicate, then we will ask Mr. Bruce Millan, the Secretary of State for Scotland, to make the use of Warfarin legal," Commander Claridge said.

The beauty pine moth has also affected forest owners. The Forestry Commission has carried out widespread aerial spraying in several Sutherland forests where defoliation was found. It has also carried out a pupal count in certain areas and the results will be announced soon with a plan for action.

European bank's lending scheme to widen

By Anthony Moreton, Regional Affairs Editor

THE SCHEME under which the European Investment Bank makes loans to assist smaller firms in development is to be extended.

Last year, the Department of Industry signed an agreement with the bank which made available £20m at very favourable rates of interest for sums ranging from £30,000 to £2.6m. Next year £30m will be offered and the minimum loan will be reduced to £17,000.

Altogether, 32 loans were approved this year, utilising £19.66m of the bank's tranche. There are already a number of applications in the pipeline although the fixed rate of interest has gone up from the 7¼ per cent at the time the scheme started to 9 per cent.

Borrowers also pay another 1 per cent for exchange cover but even at this raised level the rate offers a very good discount on what can be obtained in the commercial market.

One of the intentions of the scheme was that it would help create more work. Polythene Drums, of Skelmersdale, which borrowed £750,000, expects to create 100 jobs over the next three years.

The company is a blow moulder of plastic containers, employing 123 people outside Liverpool, when it applied for the loan. This number has already risen to 137. By the end of this year it expects to have 173 on the payroll and 223 by the end of next year.

Precedent

Another company which has borrowed from the bank is Melroses, tea and coffee merchants of Leith, Edinburgh, which raised £220,000. It employs 98 and its target is a further 33.

Melroses is extending its factory in order to increase its overseas sales which run at between 20 per cent and 25 per cent of turnover.

One of the other attractions of the loans for industry is that, under the arrangements, borrowers can still apply for regional development grants. This brings the effective cost of the borrowing down from 10 per cent (with the exchange cover) to about 4 per cent.

The bank's facility set a precedent when it was launched because it applied only to the UK. Companies in other countries can apply directly to the bank, a step precluded in Britain under the Industry Act 1972.

The Department of Industry said yesterday that it was delighted with the success of the scheme and its first year and early indications were that this year would prove to be equally successful.

The European Investment Bank was set up to make money available largely for developments in the less advanced areas of the Common Market. This aspect of its work accounts for more than two-thirds of its lending in the Community.

Conference to probe safety at work

By Paul Taylor

THE PROSPECTS for improving safety at work will be discussed by union leaders, management representatives and safety organisations at a conference opening in Oxford on Friday.

Mr. Albert Booth, the Employment Secretary, is expected to be one of the speakers at the three-day conference, organised by the British Safety at Work Trust and sponsored by the Bland Payne insurance brokers group.

About 120 delegates, including representatives from the 10 joint management and union safety committees who recently won the Bland Payne Safety Award, are expected to attend the conference, the first of its type ever organised.

Legislation

Mr. Booth, guest speaker at the opening, is expected to speak on industrial democracy and worker participation.

The main object of the conference is to discuss how, in the light of recent legislation, factories, offices and other workplaces in Britain can be made safer.

Mr. Bill Simpson, chairman of the Health and Safety Commission, will speak on health and safety in the 1980s and Mr. Victor Munns, the commission's secretary, will review the objectives of the recently introduced regulations covering the appointment of trade union safety representatives and joint management union safety committees.

Mr. Alec Scott, United Biscuits' industrial relations director, is expected to give the employers' view of worker participation in health and safety at work.

UK NEWS

House price rises may reach 15% forecasts Abbey

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HOUSE PRICES should rise this year by between 10 and 15 per cent, according to the Abbey National, the country's second largest building society.

A year ago the society was criticised for forecasting that house prices would rise by anything up to 25 per cent last year. But its projection seems to have been too cautious and its own figures, published yesterday, suggest that average prices rose by 27.5 per cent.

The society says that there were wide regional variations, with average prices in some regions rising by only 15 per cent while other areas showing increases of 33 per cent.

Last week the Anglia Hastings and Thanet Building Society said average prices for new homes had risen by 31.5 per cent last year, with increases of more than 50 per cent recorded in the London area.

Mr. Tim Timberlake, Abbey's chief general manager, disclosing the society's statistics on house prices, based on a national sample of 120,000 mortgages, yesterday described last year as "a seller's market." But he added that the rate of price increase this year would slow unless there was a wages explosion.

The overall price increase in the last quarter of last year was 27.5 per cent, compared with the same period of 1977—the result of several years of wages rising faster than house prices.

"We had two major influences on house prices very clearly influencing events in 1978. The first was people's desire for their own home and for improvements to it. The second was people's ability to pay and their expectations of being able to pay.

"It is clear that the rate of increase in house prices slowed considerably towards the end of 1978 and, indeed, month by month since mid-year.

"The catching up process which was inevitable once confidence had returned to the market, as it did in the late summer of 1977, is now over.

"The early months of 1979 will show modest and acceptable increases in house prices. Availability of mortgage funds is a factor in creating confidence in the market and with lending restricted by shortage of funds the mood of buyers is likely to be cautious during the winter."

Prices in London and the South-East had risen more than twice as fast as in Scotland, Yorkshire and Humberside. Building societies would be trying hard to maintain lending programmes this year and looked forward to an improvement in the supply of funds in the late spring, he added.

End of bonus may put 1p a quarter on tea

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

RETAIL PRICES of tea are expected to rise by at least 1p a quarter pound this month after the end yesterday of special trade bonuses that had reduced the price in the last quarter of last year.

The bonuses went to supermarket multiples and other grocers in a big advertising and promotional campaign by the large tea producers, including Brooke Bond Oxo the market leader.

The campaign was aimed at reducing the gradual long-term decline in demand for tea (although demand rose in the first half of last year when coffee prices soared) and taking advantage of pre-Christmas spending on foodstuffs.

Brooke Bond said yesterday that it had told the trade about the special bonus terms in October, but had emphasised that they were a short-term offer.

Most supermarkets have sufficient stocks to last for at least two weeks and prices are not likely to be raised until those have run out. Most supermarket own-label brands of tea are likely to increase in price as well, but in proportion to the increases on the main brands.

Brewers may increase cost of pint by 3p

BY OUR CONSUMER AFFAIRS CORRESPONDENT

BEER PRICES need to rise by up to 3p a pint to enable the big brewers to restore and maintain their profitability this year, a leading City analyst claimed yesterday.

Mr. Colin Mitchell, the brewery analyst of stockbrokers Buckmaster and Moore, said that while the price increases were urgently needed by the brewers—who had not raised prices since early last year—the rises were likely to prove politically unpopular in a General Election run-up.

In addition, it was likely that the Price Commission would intervene and investigate at least one of the brewers seeking to put up prices.

The brewers have already made it clear in private that they will be seeking rises when their undertaking to the Government to hold prices steady for a year runs out over the next few months.

Mr. Mitchell said that the increases were justified because of higher raw material, distribution, and depreciation costs, as well as rising labour costs, especially for bar staff — for whom a 27 per cent Wages Council award is to be implemented this month. The increases were also needed to sustain investment in the industry and to restore brewers' profitability.

The brewing industry's return on capital was only about 9 per cent, based on up-to-date property values but not inflation-adjusted profits, said Mr. Mitchell. This was "pitifully inadequate" and was "more the fault of Government controls than the fault of the industry."

However, rising beer prices—which could add 0.5 per cent to the inflation rate—could prove politically unpopular over the coming months.

The Price Commission was unlikely to investigate any price rise sought by Allied Breweries, because it was probed last year, or Guinness, because of its different operating structure to the other brewers, he said.

Scottish and Newcastle, Courage, Watney, Bass or Whitbread could all face a Commission investigation, depending on who is first to submit a price rise.

Scotch exports well up

BY OUR CONSUMER AFFAIRS CORRESPONDENT

SCOTCH WHISKY exports rose sharply in November, bringing the 11-month running total for last year well ahead of the previous year.

November exports jumped by 45 per cent in volume and by an impressive 81 per cent in terms of value, compared with November, 1977. About 10.5m proof gallons were exported, worth £72.6m in value.

This meant that exports by volume for the first 11 months of the year were up by 13.6 per cent in volume terms, and almost 30 per cent in value, compared with the same period in 1977.

Totals for the first 11 months last year were nearly 94m gallons, worth just over £512m.

Bottled malt whisky achieved the fastest growth over the 11 months with volume up by just over a quarter, at 871,000 gallons, and by 35 per cent in value to £10.2m.

Bulk malt whisky exports, which have been criticised for helping foreign producers to manufacture whisky with a "Scotch" flavour, also were up by almost 17 per cent in volume.

Turnbull's return may be Peugeot's master stroke

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE EUROPEAN motor industry is extremely short of top-class management talent and it shows. So the return to the UK motor industry of Mr. George Turnbull as chairman of Chrysler UK will be seen as a significant success for Peugeot PSA, Chrysler's new owners.

At least two other motor companies had approached Mr. Turnbull before he opted to take on the Chrysler UK job.

But they could hardly have needed him as badly as Peugeot. It has only recently sorted out the problems of Citroen, which it absorbed three years ago, and its management team will be stretched to the limit by the acquisition of Chrysler's European operations.

In particular, the notoriously difficult labour relations in the UK seem likely to be one of the most tricky aspects for Peugeot to cope with and the capture of Mr. Turnbull could prove to be a master stroke. He has always got on well with trade union leaders who appreciate his straightforward approach.

"Turnbull is a man who uses a cutlass rather than a rapier," is the way one industry expert summed him up yesterday.

Former colleagues credit him with being a first-rate production man but that is not all there is to Mr. Turnbull. He has a broader vision and better understanding of the motor industry than most men with his background—he started as a 14-year-old apprentice.

For example, 10 years ago, when he was managing director of British Leyland (now BL), he was pressing for the group to become truly European-based with expansion of the Italian and Spanish operations. Now he is joining a group which has taken that concept to the extreme and become Europe's main car maker.

Although born in London—his father was an engineer with the Standard car company—Mr. Turnbull lived most of his life in the Midlands. He is 51, and for most of his working life he was employed within one or another of the companies which eventually were formed into BL.

By the time he resigned in September 1973, he was managing director of British Leyland. He left the group because he believed its survival rested upon the success of the volume car division, Austin-Morris, for which he had responsibility.

He did not agree with a shift of resources to the specialist cars and trucks busineses.

In February 1974 he joined the Hyundai group of South Korea, and worked for three years in Seoul masterminding the setting-up of a car-making business from scratch.

After completing his contract with Hyundai Mr. Turnbull came within a whisker of once again being associated with BL, this time as a National Enterprise Board consultant. This arrangement fell through because senior BL executives opposed the idea.

Instead he joined Iran National on a two-year contract which should end in July.

MR. GEORGE TURNBULL
Uses cutlass rather than rapier

As a result of his five-year voluntary exile from Britain, Mr. Turnbull is reputed to have earned a tax-free £500,000.

It is still not clear how much involvement Mr. Turnbull will have in Peugeot PSA's strategy group. This team, based in France, is co-ordinating the long-term strategy of the Peugeot-Citroen-Chrysler operations.

fI Mr. Turnbull is to have an impact on the affairs of Chrysler UK in the longer term, it is within the strategy group that he must make his mark.

Mr. Ray Pett, of Dulwich, skis in St. James's Park instead of jogging, his favourite exercise

Good turnout as back-to-work Britons shrug off the freeze

BY OUR INDUSTRIAL STAFF

BRITAIN began to shrug off the New Year blizzard yesterday. Although not by any means normal, road, rail and air services all improved and most of industry reported an almost complete return to work.

In Scotland, which experienced some of the worst weather, most of industry remained closed because it was a public holiday. But elsewhere, people struggled back to work, although often arriving late because of transport delays.

It was the first working day since the Christmas closedown for a large section of the engineering industry. The West Midlands branch of the Engineering Employers Federation said that an emergency advisory service, set up for companies experiencing problems because of the weather, had hardly been used.

Fuel

Production of Austin Morris cars at BL's Longbridge works was normal, helped by the fact that the car plants had been started up between Christmas and New Year to improve supplies.

At Ford's Halewood plant, however, where employees came back after a 14-day break, an absentee rate of 20 per cent was reported. The company said that this was much higher than normal at the end of a holiday period, but blamed the weather.

Both Ford and BL are keeping a close watch on fuel supplies, which could be affected by the weather and the general shortage following industrial action by tanker drivers. In Liverpool, the situation will be aggravated by the lorry drivers' strike due to start at midnight last night.

Shell said yesterday that its deliveries had been cut to about 70 per cent of normal levels because of difficult road conditions. Its tanker fleet is normally stretched at the beginning of January following the long public holiday, but the snow and ice have considerably hampered operations.

The weather has had no effect yet on the construction industry. Most of the industry's 1m-plus workers atke a week's winter holiday after the Christmas break as part of their national agreement and sites generally will not be working again until today.

Most of the big contractors said yesterday that they were not expecting serious problems but some said that deep snow and frozen equipment on site could prolong the start-up period.

A row over emergency road clearing services resulted in Mr. Denis Howell, Environment Minister, asking for a full report on how local authorities had dealt with snow-covered roads.

The Royal Automobile Club complained that many local authorities were ill-prepared for the weekend's blizzards and slow to begin emergency gritting. The National Bus Company, which runs many of the country's bus services through its operating subsidiaries, echoed the RAC complaint.

Mr. Howell said: "The local authorities have responded well by and large." He had asked the emergency regional centres, set up on Sunday, to collect information on emergency road servicing from all local authorities. "The picture since Sunday has been one of slow but continuous progress."

The Automobile Association put some of the blame on the Government for "pursuing a policy which has reduced the amount of funds allocated for road maintenance. There simply is not the money available to deal with routine maintenance, let alone the high cost of keeping roads open in bad weather."

Bus services continued to be disrupted, although many of the problems were caused by the icy weather affecting equipment rather than by the roads. Rail services were also hit because of frozen engines and equipment, a situation aggravated in parts by staff shortages caused by people not getting to depots.

All this did not seem to have much affected the London West End stores, in the middle of their annual bargain sales.

Flights at Heathrow and Gatwick were returning to normal, although at Heathrow a backlog of flights, caused by the closure of the airport on Saturday, was still causing two hour delays, particularly affecting long haul flights. Shuttle services to Scotland were also subject to long delays.

● Preliminary indications from the British Insurance Association are that the storms are unlikely to prove as expensive to insurance companies as last year and three years ago. Damage in all but a few areas appears to be less extensive than was first feared.

Theatres seek £25,000

BY COLLEEN TOOMEY

AFTER 18 months operating on a shoe-string budget, the Theatres Trust is asking the Government for at least £25,000 to help it to provide a better service to local planning authorities and theatre owners.

The trust, which in its first year to last July was involved in the future of 26 theatres in Britain, has operated so far on £7,300 in donations, and with one full-time employee.

An initial £25,000 would enable the trust to employ a full-time administrator and secretary, Mr. Vincent Burke, honorary secretary, said yesterday at the first annual meeting.

Improved postal services urged

By John Lloyd

THREE New Year resolutions for the Post Office have been proposed by the Mail Users' Association, the group which represents the interests of the big postal customers.

It says the Post Office should:

RESOLVE to improve quality of service. The association believes that fewer than 90 per cent of first class letters reach their destinations within one working day of posting.

The Post Office says 92.6 per cent of letters in 1977-78 met this requirement. The formal target—which has never been reached—is 95 per cent.

RESOLVE, to conclude the letter mechanisation programme. "The mechanisation saga has had a longer run than The Mousetrap," said Mr. Michael Corby, association director.

"The association says that the programme should cost only a further £20m-£30m and that it should be completed over the next two years.

RESOLVE to keep price increases within manageable bounds. The association has already called for a price rise on letters of no more than ½p, with similar proportions on other services.

Productivity

Underlying the first "resolution" is the association's concern that productivity in the postal business is static, if not declining, though the corporation has recently agreed a productivity bonus scheme with the Union of Post Office Workers.

The association does not believe that the intention laid out in the recent White Paper on the Post Office to "improve productivity and competitiveness through higher investment and better use of our productive resources" is being met.

It believes that the better performance in posts is due entirely to the boom in consumer spending, and not at all to better productivity.

● Datapost, the Post Office's rapid delivery service, will be extended to West Germany, Switzerland and South Africa.

Business documents and computer tapes will be delievered to most main cities in West Germany and Switzerland within 24 hours, if posted in London, or 48 hours if posted elsewhere in the UK.

● Mr. Bill Cockburn has been appointed director of finance for the Post Office, to succeed Mr. Geoff Olver, who has retired. Mr. Cockburn, 35, is one of the youngest directors ever appointed by the corporation.

LABOUR

Managers to vote on lifting pay dispute sanctions

BY PAULINE CLARK, LABOUR STAFF

ABOUT 1,400 managers in the Bradford-based Provident Financial Group will decide in the next two days whether to lift sanctions or face immediate dismissal in their nearly six-week-old pay dispute.

The Association of Scientific, Technical and Managerial Staffs agreed yesterday to recommend a return to normal working amid a series of accusations between the union and employers over each side's conduct in the dispute.

The union claimed that the company had already decided that the dismissals would be permanent and that continuing sanctions would threaten job security.

The company denied that mass redundancies were already planned and condemned the union for introducing a "red herring" in the face of the firm stand by the employers.

A union proposal that pay talks should continue under the auspices of the Advisory Conciliation and Arbitration Service was rejected by the company, which said that no further discussions would take place.

The company also resolved to withdraw the various special facilities it had granted to ASTMS in the last five years over and above statutory requirements. These included the provision of a special manager and clerk to look after union affairs in the company.

Mr. Edward Davies, joint managing director, denounced as "rubbish" a union accusation that the company was goading the union and its managers into continuing sanctions because it already had plans to make its managers redundant.

He said that amid "enormous provocation," the company had never qualified its threat of dismissals.

The company's operating policy would be changing over the next five years with the introduction of a teleprocessing system. The terms for the change, however, had already been negotiated with ASTMS and guarantees given to all managers that there would be no involuntary redundancies.

The company has offered a 12 to 13 per cent pay increase with productivity. But the ASTMS says this is not good enough when compared with deals being reached with other companies in the financial sector.

Head office staff, however, have been offered increases of between 21 per cent and 26 per cent.

Mr. Michael Kennedy, divisional officer representing the managers operating 460 consumer credit branches of the group, spoke of fears that the company already had plans to axe its branch system, which under the redundancy agreement could cost up to £7m.

The company had made it as "difficult as possible" for its managers to call off sanctions as they were being operated at present, he added.

Government accused by civil servants

BY OUR FOREIGN STAFF

THE 24,000-STRONG Civil and Public Services Association, the biggest trade union embarking on this year's Civil Service wage round, accused the Government yesterday of "fanning the flames of industrial unrest" by refusing to allow union pay meetings during office hours.

The union said that the employers refusal was "a very poor start indeed" to wage negotiations which could force a serious showdown with the Government if it did not relax its grip on pay policy in the public sector.

Ahead of preliminary pay talks this week, the union said that in spite of its wish to find a solution without confrontation, the employers side had already taken up an "entrenched position."

The union would now be forced to insist on union pay meetings taking place in office hours and this could only sour relations between the negotiating sides.

New attempt to solve journalists' strike

BY OUR LABOUR STAFF

FRESH attempts to find a solution to the national strike by 9,000 provincial newspaper journalists were being made last night by leaders of the Newspaper Society and the National Union of Journalists.

The strike has lasted nearly five weeks.

The meeting, which included Mr. Ken Ashton, NUJ general secretary, came after a recalled conference of more than 200 of the union's provincial newspaper chapel fathers (office branch leaders).

They unanimously endorsed a statement from the union's industrial council, condemning the employers' failure to reopen pay negotiations without preconditions.

The union leaders, who claimed that the strike was still being supported by 90 per cent of members in the provinces, also reaffirmed their determination to achieve "decent" pay for provincial journalists.

Newspapers Society council leaders meet today to consider their next moves in the dispute.

In the latest development in the five-week suspension of The Times, Sunday Times and Times Newspapers' three weekly supplements, Mr. Jacob Ecclestone, Times chapel father, yesterday asked Mr. Albert Booth, Employment Secretary, for a new initiative to break the deadlock.

About 600 of the group's newspaper employees formally lost their job yesterday as notices of dismissal began to take effect.

Many others will follow in the next few weeks, as a result of the company's failure to reach agreement with the National Graphical Association, on an industrial relations formula arising from new technology proposals.

Mr. Ecclestone said in a letter to Mr. Booth that third-party intervention was "essential and inevitable" to reach an agreement acceptable to all.

"The most effective course would appear for you to set up immediately an inquiry under an independent chairperson, who would be asked to make urgent recommendations for a settlement."

Subscribers criticise new telephone books

BY RHYS DAVID

THE POST OFFICE is under increasing pressure to abandon a controversial new district telephone directory system introduced in Manchester last year.

The system, designed to save costs, consists of four district directories for Greater Manchester instead of the previous two alphabetical directories.

Previously, all subscribers received the alphabetical lists. Now, the regular issue is one directory, depending on where the subscriber lives: South, North-west, North-east or Central.

All the district directories give numbers in the city centre itself; however, and subscribers may obtain copies of the other directories.

The system has been under considerable attack since its inception. The latest protest is from the Manchester branch of the Institute of Directors, which, in a survey of 500 of its members, received replies from about half — an unusually high response rate—of whom 95 per cent said that they thought the new system provided a worse service than the old.

The Post Office has said that, apart from reducing costs by reducing the number of directories issued free, the new system has reduced calls to directory inquiries.

Kuhn Loeb adviser

SIR DEREK MITCHELL, the former high-ranking UK Treasury official, has joined Kuhn Loeb Lehman Brothers International, the U.S. investment bank, as a senior adviser.

"Sir Derek will be concentrating on the advisory and consultancy services which the firm provides to sovereign governments," Kuhn Loeb Lehman Brothers said in London yesterday.

World bulk carrier fleet has fewer idle vessels

BY LYNTON McLAIN

THE WORLD fleet of oil tankers, combined carriers and dry bulk cargo vessels idle, laid up or under repair on January 1 fell to 266 ships from the 412 idle at the beginning of last year.

The total tonnage idle dropped from 40m deadweight tons last January to 27.3m dwt this year as owners responded to rising charter freight rates in the tanker market, particularly in the last quarter of the year.

Nearly a third of the world fleets of tankers and combination carriers idle at January 1 was registered in Liberia, which had over 7m dwt idle.

Norway came second with 20 per cent (5m dwt) of shipping idle and Britain came third with 24 ships (over 4m dwt), 17 per cent of the world fleet idle.

Among the oil companies owning tankers, BP sold one 38,115 dwt vessel for scrap last year, compared with 24 totalling over 1.3m dwt between 1975 and 1977.

Shell, by comparison has sold for scrap 68 tankers totalling over 2.5m dwt since 1975.

The improved charter rates in the closing months of last year helped bring a total of almost 8m dwt of oil tanker capacity, 102 vessels, out of lay-up for the year. The total oil tanker fleet still idle at January 1 was 22.2m dwt.

At the start of the new year, 19 carriers able to carry a combination of oil and dry cargo were adle, compared with 56 vessels a year ago, a fall of 4m dwt to 2.5m dwt.

Howard Houlder (Chartering), which published the latest lay-up figures yesterday, said the drop in the number of dry bulk carriers idle was less marked than in the tanker and combination carrier sectors.

A total of 66 dry cargo vessels are now idle, compared with 73 a year ago.

The number of oil tankers idle at the start of the new year dropped by over 100, but this was countered by an increase in vessels used as stationary oil storage, from 13 last January to 40 this year, up 6m dwt.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Heat pump project progresses well

AFTER one year's work on the development of the direct-fired heat pump at Glynwed, it is becoming clear that initial design predictions are proving correct.

Satisfactory laboratory test rig results have shown that it is possible to run the turbine of this unit in excess of 150,000 rpm with excellent results.

Based on the belief that to use electricity as the prime mover in a heat pump system is a nonsense, the project uses a Rankine power cycle which can be operated by gas, solid fuel, oil, or solar energy.

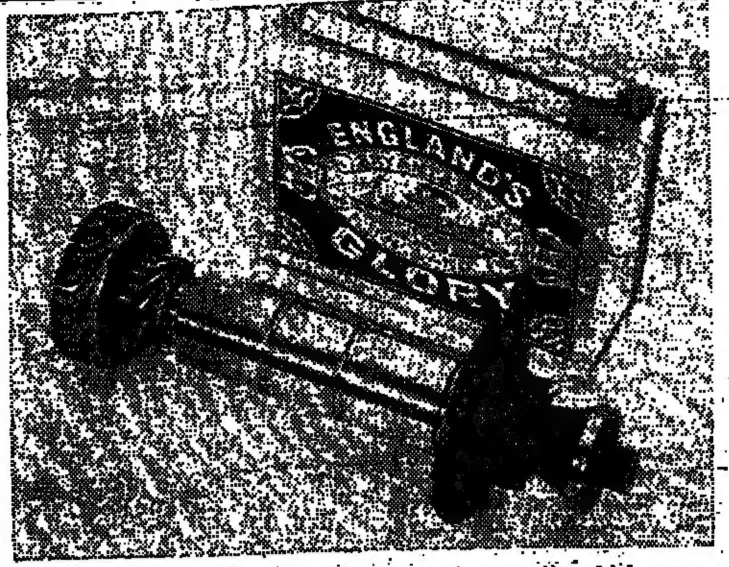
The initial unit is powered by gas using an appropriate burner and heat exchanger. Full environmental control can be achieved to provide the additional advantage of chilling in summer simply by reversing the heat pump cycle. A microprocessor-based control system has been designed to provide safe and economic year-round operation of the entire system when working in the domestic environment.

To ensure that the whole unit is tested under the most stringent conditions, two test chambers have been built to simulate a variety of environmental conditions ranging from 40 degrees C below to 40 above. Both chambers are computer-controlled and can produce a complete range of humidity and temperature variations. Data so far compiled shows that completely repeatable test conditions can be achieved within the chambers in order to evaluate component behaviour. It is hoped to provide a series of units for different loads extending into both the industrial and commercial fields of operation.

The Glynwed project has been given EEC support and further money is in the pipeline. Interesting is that potential users still find it hard to cope with the idea that it is possible to use energy in a piece of equipment to bring in much more energy from the environment. Yet all that one has to do is mentally to reverse the method of operation of the ordinary domestic refrigerator/freezer and think of the radiator of the unit as being installed out of doors.

What is significant about the Glynwed development is that it offers the distinct possibility of cutting fuel consumption for domestic heating by 50 per cent at the least.

Naturally, initial installation costs will be higher than with conventional equipment. But that cannot provide summer cooling as well as winter heating. Prospects for fuel costs are for rapidly accelerating growth and it seems that the Glynwed concept has many trumps in hand.



This is the turbine (the only moving part) which can provide a steady output of 10kW of heat.

This concept is so designed that the domestic heating/hot water cycle has two inputs—one from the power side which drives the turbine and one from the heat pump side driven by the compressor coupled to the turbine. Each input takes the form of the condenser unit—for the heat pump cycle and the power turbine cycle respectively.

The heat pump is a traditional design using a compression/refrigeration cycle and the same high temperature, high pressure resistant fluid chosen for the power cycle.

But only one moving part is used by Glynwed—the turbine—and a great deal of work has been put in to achieve optimum design. The key component—the rotor—could be produced relatively cheaply by a powder metallurgy approach.

So far as is known, the Glynwed approach with the direct-fired heat pump is the only one applicable to domestic use. Others are for much larger scale industrial units.

The first prototype will have a heat output of 10 kW to produce hot water for a domestic heating circuit with minimal demand on primary energy resources.

At the same time, because of the design characteristics mentioned above, installation problems will be relatively slight.

But, above all, the true prime fuel utilisation co-efficient—which is not the traditional COP—of the Glynwed design will be 150 per cent against only 70 per cent for an electrically driven heat pump.

Glynwed Group Services, Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ. 021 742 2366.

● ELECTRONICS

Motorola in the race

FOLLOWING the September announcement of Texas Instruments that it would be starting volume production of 64,000 bit random access memory chips early in 1979, Motorola has joined the queue to reveal a similar intention and has also disclosed a starting price in the U.S. of $130 per device.

The announcement follows hard on the heels of the news from ITT Semiconductors that the Footscray plant is to be the subject of a £10m injection, with UK Government help, leading to the production of 64k devices — although the timing for volume production of the memories is not disclosed.

The Motorola product, MCM6664, is similar to the Texas chip in having a 150 nanosecond access time, a single five-volt power supply requirement and a 16 pin package. Maximum power dissipation, however, is a little higher at 250 mW, the Texas device consuming 200 mW maximum.

A unique characteristic claimed by Motorola is a refresh control available through one of the pins.

In addition the MCM6664 uses a 128 cycle refresh rate, allowing easy upgrading of systems from industry standard 16k RAM designs of the 4116 type which also use 128 cycle refresh.

The Motorola 64k RAM will be fabricated in N-channel silicon gate technology using the company's HMOS (high performance metal oxide silicon) process. One of the improvements made is to use folded, metal bit sense lines as opposed to single path "open" lines made from diffused N-plus material. The advantage is that bit errors induced by noise or alpha particle radiation are reduced, the folding producing a cancelling effect and the metal preventing charge build-up.

Motorola is at York House, Empire Way, Wembley, Middlesex (01-902 8836).

IN BRIEF

● A 32k bit ultraviolet-erasable programmable read-only memory from Intel, now in volume production, is pin-compatible with two of the company's ROMs, allowing an easy change from product development to final production. More about the 2732 on Oxford 771431.

● Motorola has a single chip cathode ray tube controller, MC6845, which interfaces the bus of the M6800 micro with the raster scan circuits of CRT displays in terminals, video games, etc. More on 01-902 8836.

● For use in doppler radar equipment, Microwave Associates has developed a series of Gunn diode oscillator units operating in the 13 to 14 GHz band. The company is at Dunstable on 0582 601441.

● Available in one-inch and two-third-inch sizes are new versions of Toshiba's Chalnicon camera tubes in which the spectral response has been extended into the infra-red. Distributors are Norbain of Reading on 0734 864411.

● Siegert thick film cermet resistors, fixed and variable, are being supplied by Lemo (UK), of Worthing (0903 204651).

● POWER

Stabilised supplies

MINIATURE encapsulated a.c./d.c. converter power supplies for providing stabilised 5V or 12V outputs from unstabilised 5V inputs are available from Gould Electronic Components division.

MC (single-ouput) and MCD (dual-output) series devices have built in metal casing for radio-frequency interference shielding, and are designed for ease of mounting on standard printed circuit-boards. Ten models are available in the range.

Output voltage is maintained accurate to within plus or minus 0.5 per cent, and line regulation is within plus or minus 0.02 per cent. Minimum breakdown voltage is 500V d.c. and minimum isolation resistance is 1000 Megohms. Typical isolation capacitance is 80 picofarad.

With an efficiency of 61-62 per cent, the MC and MCD Series can operate over an input range of 4.65-5.50V d.c. at 100 per cent rated output load and 4.40-6.50V d.c. at 60 per cent rated output load.

Gould is at Raynham Road, Bishop's Stortford, Herts. CM23 5PF. 0279 55155.

● COMPONENTS

Seals cut machining costs

DOUBLE-ACTING piston seals for hydraulic cylinders by Weir Polypac have been developed with the aid of computers and incorporate a number of successful features of existing seals.

Suitable for use in the most arduous operating conditions, they can be fitted to one-piece pistons or as a replacement for other seals on split pistons. They are being made initially in a range of sizes to suit OSO cylinders from 50 mm diameter to 200 mm diameter.

Orp-Pak seal is manufactured from compounds designed or selected by Weir Polypac to operate in a pressure range up to 500 kilograms-force per square cm or 7,000 lb-f per square inch, when suitably housed, and over a wide temperature range in a variety of hydraulic fluids.

The fluid control element is moulded in a tough, low friction material based on a 75 degree IRHD nitrile rubber, and a material developed by the company is used to manufacture the support members. Anti-extrusion bearing rings can be supplied for customers' specific operating conditions if required.

The result is a long-lasting seal, reliable in operation and easy to replace in the field on one-piece or split pistons. It is suitable for service in almost all climatic conditions and is strong enough to withstand the harsh conditions encountered with modern earthmoving machinery. Its reduced depth makes possible the use of lighter pistons, requiring less machining.

Weir Group, Cathcart, Glasgow G44 4EX. 041 637 7111.

Operating the flood barriers

THREE series-wound dc motors manufactured by Small Electric Motors, Sydenham, are being installed as emergency units for operating the flood barriers on the River Lee.

The Lee is one of the main tributaries of the River Thames and this barrier forms part of London's defences against dangerous high tides. Normally, the barriers are lowered and raised by means of electric power from the supply grid. Should this source fail then a stand-by generator provides the supply for operating the barrier; and if this also fails for some reason, then the SEM motors will come into service in a stand-by capacity.

These motors are powered by storage batteries placed close by. The latter drive the hydraulic pumps which lower and raise the sluice gates in the event of an emergency.

The barriers come into use when the Thames Water Authority, responsible for the River Lee, is alerted to a tidal surge which will raise the incoming tide to dangerous levels.

Small Electric Motors, Kangley Bridge Road, Sydenham, London SE26 5AS. (01-659 4021.)

● RESEARCH

Fluid flow metering simplified

A NEW metering system to measure fluid flow in large pipelines, at a fraction of the cost of meters currently in use, has been developed at the Technion, Israel Institute of Technology.

Invented by Professor Anthony Peranio, the instrument is basically an improved by-pass meter. In earlier systems, it was necessary to divert the flow to a meter attached to the side of the pipe. But re-directing the liquid sometimes caused clogging. In addition, the shunt meter was not as sensitive as a regular metering system measuring total flow of liquid through the pipelines.

The Technion development puts the shunt meter directly within the pipe, eliminating the need for diversion of the fluid flow. Important also is relative insensitivity to clogging and fouling and thus improved calibration life.

Another valuable asset is ease of maintenance. The shunt meter may be checked and replaced without having to shut down flow in the main line.

Technion, Israel Institute of Technology, Technion City, Haifa, Israel.

Hose takes very high pressures

LIGHTWEIGHT, flexible hose with less than half the weight of wire braid hoses for the same working pressures has been introduced by Polypenco.

Nylaflow Type 624 has been developed for those airless spraying applications where the nature of the material requires higher operating pressures than hitherto, and electrical conductivity through the hose is necessary. The material will operate at pressures up to 5,000 psi (350 bar) with a 4:1 safety factor.

The hose consists of an extruded seamless tube chemically bonded to a high tensile synthetic reinforcement and an abrasion-resistant cover. An electrical conductor is sealed between the cover and the reinforcement braid.

Service temperature is from minus 40 to 100 degrees C. The hose is resistant to paint chemicals of all types, solvents and oils.

Any static electricity which may be generated at the spray gun is conducted safely to earth via the built-in conductor.

Nylaflow Type 624 is available in ½ and ⅜ inch bores in lengths of up to 200 metres. The hose is only supplied complete with permanently swaged fittings suitable for these high pressures.

Polypenco is at Welwyn Garden (07073) 21221.

● PROCESSING

Microfilm to dust

PORTABLE Factory Equipment of Birmingham has built a unit called the Versishred Micro 3 which reduces microfilm and microfiche to dust and thus ensures that these items end up in the form of absolutely illegible particles.

It is also capable of handling 16, 35 and 105 mm formats and paper punch cards, and films which melt easily, thus not being acceptable by the normal type of shredder due to adhesion to the cutters.

It is an electrically operated unit with a ½ hp motor and suitable for office use, requiring only a single phase, 230 volts, 50 cycle supply. A 5 amp fuse is sufficient. Additional items supplied as standard include an automatic microfiche feed magazine and an attachment for handling roll films.

Portable Factory Equipment, Summit Works, Smith Street, Hockley, Birmingham B19 3EW. (021 554 7241.)

Produces purified water

TWO NEW two-stage automatic deionisers are to be introduced into the standard plant range of Houseman (Burnham). TSA 300 and TSA 400 thus take their place alongside the company's existing range of TSA deionisers designed for industrial high quality process applications.

They will provide purified water up to maximum flow rates of 1.5 and 2.3 cubic metres per hour respectively.

Made throughout of non-corrodible materials, the units have solid state control systems incorporating indicator lamps for all service and regeneration functions and auxiliary contacts for external alarms and pump controls.

Plant has been designed to minimise chemical handling by the operator and provides acid and caustic regeneration pipework, complete with adaptors, for plugging into the carboys in which the chemicals are normally supplied by the manufacturer.

If regenerant carboys are required, due to the availability of bulk chemicals on site, then these can be supplied as extra. Like the rest of the range the TSA units incorporate, as standard, recycle facilities to ensure stability of treated water quality and to prevent bacterial growth on resin beds.

Houseman (Burnham), The Priory, Burnham, Slough SL1 7LS. [illegible]

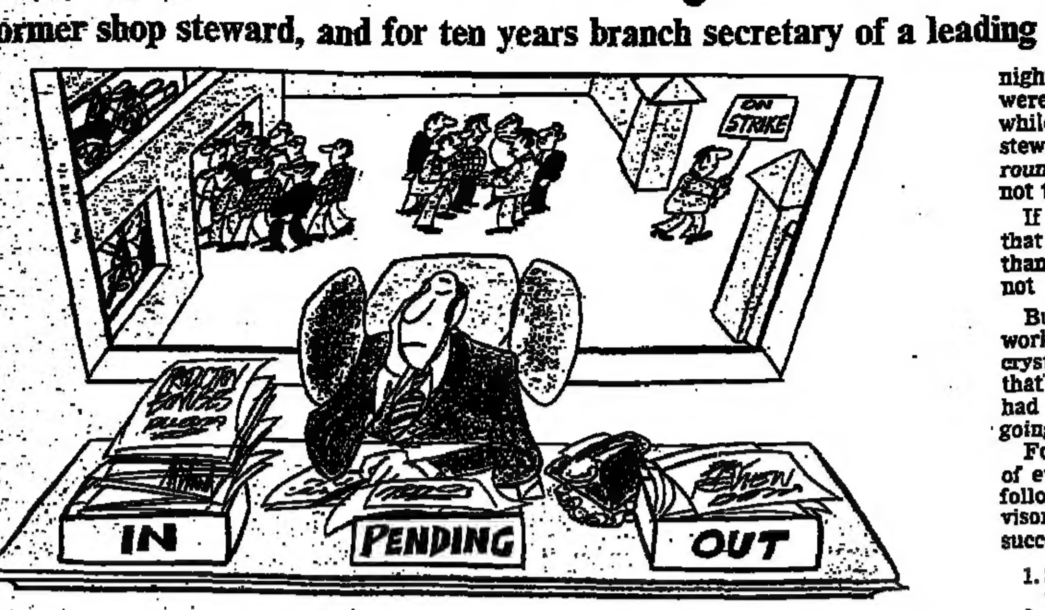
هكذا من الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

British strikes: how they look from the factory floor

By J. J. Maling, a former shop steward, and for ten years branch secretary of a leading trade union



WE OUGHT to keep a sense of proportion about Britain's strike record. For one thing, even if we were to treble the *official figures for strikes*, far more working days are lost through the common cold or accidents at work, and ten times more through unemployment.

Perhaps even more misunderstood is the way strikes occur. Most people seem to have an impression of an immensely powerful union organisation or irresponsible shop stewards calling out thousands of reluctant workers. Things often look a little different when you're at the sharp end, on the factory floor.

Not only are strikes not very frequent *in most workplaces*, but those which do occur are usually quite spontaneous and, more often than not, quite unorganised. Frequently the shop steward, and almost invariably the union's district office, only hears about them after they have started.

I'm told that some innocent television viewers believed that trade unionism as portrayed in "The Rag Trade" bore some resemblance to the real thing. (Incidentally, may I protest about those headlines like "Ten thousand idle." During the only prolonged official strike in which I was ever involved, I've never worked so hard in my life.)

At the place where I worked the process of starting a strike was quite complicated. Some of us, the so-called manual workers, were hourly paid and the rest were weekly paid, working under "staff" conditions. This second group did work which was just as manual as that done by the manual workers; it was purely arbitrary which section a worker fell into.

The management gleefully used this completely artificial arrangement on the principle of "divide and rule."

Strangely, quite a lot of the workers approved of this *attitude. Staff members were* inclined to be a bit toffee-nosed in their attitude towards the manual workers, as if they were one step up the ladder to the dizzy heights of management; and the manual workers sneered at the staff as bootlickers (or words to that effect) enjoying special privileges.

The truth was that there was little advantage in belonging to one group or the other. The higher pay of the manuals was just about balanced by the better pensions and more generous sick pay of the staff. On the rare occasions when the two sections were on strike together, nothing could have been less sympathetic than the sympathetic action of whichever group stood to gain nothing from the dispute.

Most strikes started with the manuals. There was a good reason for this; nothing to do with foreign agitators or reds under the bed. The manuals were very dependent on production bonuses which seldom seemed to have much connection with the amount of *work they did, or with the actual* production figures.

Of course not, for they were calculated in cosy offices by clerical workers far from the firing line. They weren't basing their conclusions on *production*, but on sheets of figures handed to them (and probably invented) by some middle management go-between. These bonuses were a constant and fruitful source of argument.

However, staff pay remained constant from week to week between pay reviews and all too often after them as well.

When a dispute arose the manual stewards would call a meeting. The staff workers would never be told about this, even if they were members of the same union, which most of them were. However, sometimes they found out inadvertently, and asked, with some justification, what was going on. Usually they were told to mind their own business, for in some circles they were regarded as spies for the management. (Undoubtedly some of them were, for the management was always *well informed.*)

If the manual workers voted for a strike, the staff members, hearing of it by some means, would approach a shop steward and ask if they were expected to support the stoppage. Typically the day shift steward would say "No, it's nothing to do with you," and the night man "Certainly."

So the night staff would find themselves on strike while the day men worked on and there would be furious phoning in all directions for further information and instructions, in an effort to sort out the muddle. And just in case anyone thought of approaching the Union's Area Office for the official line, it wasn't worth the trouble, because mostly no one had even *told them there was a dispute.* They would always be the last to know, and most strikes were sorted out locally by the stewards before they were told.

In these intriguing circumstances we would find particularly keen section managers going round the homes of the night staff telling them they were supposed to be working; while exceptionally astute stewards might well phone *round first to tell their* members not to answer the door.

If you get the impression that our union affairs were more than a little confused that would not be an unfair judgment.

But the attitude of the workers — both sorts — was crystal-clear, compared with that of the management, who had even less idea of what was going on than we did.

For them the usual sequence of events would be to issue the following orders to the supervisors in rapid and contrary succession:

1. Stay at home, but you won't get paid.
2. Stay at home and you will get paid.
3. Come to work and work *normally*.
4. Come to work, but don't do any.

Mind you, I'm only giving a rough idea of the thing; in practice there would be far more contradictory orders than that.

But, surprisingly, there is one good thing to be said for this seemingly crazy system. It works. Disagreements which have dragged on for months, causing bad feeling, bitterness, loss of production, and poor quality work, are rapidly resolved in nine cases out of ten as soon as there's the first whisper of a possible strike. (The tenth one is the one you read about in the paper.)

Why? Well, because the workers don't want to lose too much money and the management *don't* want to lose too much production.

J. J. Maling, a Life Member of the Electrical, Electronic, Telecommunications and Plumbing Union (EEPTU), worked in the electronics industry for many years before becoming a writer.

A powerful dissenter on German export strategy

By Adrian Dicks in Bonn

CONVENTIONAL business wisdom in West Germany has long held that the remorseless rise in the Deutschemark, coupled with the high level of social benefits paid to workers, will price the country out of world markets within a few years unless one or other trend can be checked.

What is the use of trying to compete, in areas like bulk steel products, with the enterprising Bresciani or with the wage levels of the third world? The only answer, the argument generally runs, is for Germany to concentrate still more on high technology, or what Friedrich Karl Flick, who has just finished investing DM 1.6bn of his own money in them, calls "intelligent" products.

It is refreshing to hear a contrary view. It comes from the executive chairman of Maschinenfabrik Augsburg-Nuernberg (M.A.N.), the diversified engineering group which is the centrepiece of the Gutehoffnungshuette family. Western Europe's biggest mechanical engineering concern. Mr. Hans Moll, reporting that M.A.N. will raise its dividend for the 1977-78 business year, did not fail to warn of the grave consequences for the company of steadily rising labour costs, or that introduction into the engineering industry of the much fought-over 35-hour working week "would lead to losses as surely as the amen follows prayers in church."

Where Mr. Moll differs from *many other leading managers is* in disputing the view that the future lies exclusively in increasingly sophisticated products. "The call for high technology alone is questionable. In the first place must come the relationship of production cost to price for every product, including those with less high technology."

In the M.A.N. chairman's view, companies in high-wage, high-technology countries like West Germany ought to be concentrating their skills not on the products they turn out but on the way they manufacture them. There is no substitute, he argues, for continual improvement in every area, and notably in raw materials and energy use, manufacturing processes, and simple products application.

"In this way, products as classical as the diesel motor or the printing press can still—or can once again—be accurately marketed, even in the export markets that offer particular difficulties at the moment."

Mr. Moll's argument itself has a somewhat classical simplicity about it, and not a few businessmen who hear it may be tempted to a wry smile. What makes it worth paying attention to is M.A.N.'s own experience.

Third world

The company's export sales *have not* varied more than a point or two above or below 40 per cent for the past five years, during which time it has not only weathered the revaluation of the D-Mark by 53 per cent *against the weighted average of* currencies of West Germany's 22 most important trading partners. The MAN group has also pushed total sales up from DM 2.6bn to DM 4.4bn (parent *concern*).

One of the lessons it has learnt, says Mr. Moll, is that simple products often fare best. Thus M.A.N. has spent a good deal of time and money *developing printing* presses, diesel engines, machine tools and other machinery for use in the third world, only to find itself introducing them on the home market, too.

Specifically, the company is pinning a good deal of its hopes for the recovery of its diesel motor business, hit hard at the heavier end by the shipbuilding slump, on a new line it calls the "simple diesel motor." It is not yet releasing specific information on this development, full testing of which will start in March. But Mr. Moll stresses that the simple motor is designed steeply to reduce the man-hours involved in manufac*ture, as compared* with older types in the same 400-900 KW range. For the customer, too, the simplified design is intended to cut down the time needed for maintenance.

Fewer man-hours? Must that mean fewer men to work them? Mr. Moll would say no. On the contrary, M.A.N.'s experience suggests that the high level of investment needed to achieve the savings Mr. Moll refers to has had a highly satisfactory effect on employment. Between 1970 and 1978, the M.A.N. group's total manpower scarcely *changed, falling only marginally* from 46,269 to 46,134. During the same period, some 1.3m industrial jobs in West Germany disappeared.

"In the area where we carried out the most rationalisation, that is in vehicle building, we now employ about 6,000 people, or 47 per cent more than in 1970. In the machinery construction and steel fabricating *sector, we've had to reduce* our manpower by about the same number . . . The loss of jobs has therefore come about in those areas which are least suited to automation."

M.A.N.'s experience perhaps goes some way to explaining how it plans to co-ordinate production with White Motors, the American heavy vehicle building company in which the Ger*man company recently acquired* a 12.5 per cent stake. There are still many components, including truck engines, that M.A.N. reckons it can produce more cheaply in Germany, despite *the widening gap in favour of* the U.S., of wage costs in the two countries. That is *not* to say, of course, that M.A.N. likes the prospect of a further drop in the dollar against the Deutchemark any better than any other German company as the new year rolls in.

A scheme to cut sick leave costs

By Eric Short

WHAT should be the policy of employers towards employees who fall sick or are off work through accident? Should they regard them as non-productive and leave them to manage on Social Security until they are fit for work again? Or should they adopt a paternalistic attitude and make up their earnings, partially or in full, while they are off work?

The first approach sounds heartless, partly because at first sight the sickness benefits provided by the State do not seem generous —£15.75 per week for a single person, £25.50 for a married couple and an additional £1.85 per week for each child.

But these benefits are tax-free, and while the employee is off sick he does not pay National Insurance contributions. Moreover, if the period of illness lasts for more than two weeks the employee qualifies for a further benefit based on earnings, up to £15.42 per week. So it is possible to argue that he is not likely to starve and that in the event of severe financial problems he can always apply for supplementary benefits.

On the other hand the employer can ensure that an employee's salary does not fall by much during periods off work simply by keeping him on the payroll. The normal procedure in such cases is to make up the gross salary less the amount received from the social security scheme. This is a common practice among non-manual employees and, because of union pressure is also growing for manual workers.

But the direct provision of what is now being regarded as a valuable employee benefit is not cost-efficient as far as both the employee and the employer are concerned. The employee still pays tax on the earnings received from the company. The employer still pays National Insurance contributions on the employee in respect of the earnings paid, and NI contributions can be regarded as a payroll tax.

All this can be avoided by taking advantage of concessions given by current tax law and the practices of the Inland Revenue and the Department of Health and Social Security.

If an individual takes out a personal sickness and accident policy with an insurance company the benefits are tax free for the remainder of the relevant tax year and the whole of *the following* tax year. This "tax holiday" principle can be extended to a group accident and sickness policy taken out by the company.

Since these benefits cover only those sickness benefits paid over short periods—up to one year—the payments from this *policy to the employee are* tax free. Thus the employer can ensure that he only makes up take home pay levels, not gross salary levels, with a saving in costs.

Moreover, if the policy is written in the correct form, the payments made to the employee are not classified as earnings, and so the employer does not have to pay National Insurance contributions while the employee is off work.

Key wording

The key to this arrangement lies in the wording of the contract of employment. If the contract states that earnings will be paid while the employee is off sick and specifies the amount, then that is classified as earnings, and NI contributions become payable. But if it states that sick payments will *be made at the discretion of the* trustees of a trust set up especially for the purpose—or if no specific amount is given, simply a statement that sick pay will be made—then there is no liability to NI contributions.

It has taken employee benefit consultants some time to work out a system that fulfils all these conditions, but they claim now to have done so; it saves employers up to 50 per cent over direct payments.

Basically, the approach generally used is for the employer to establish a trust to administer sick pay benefits, with full discretionary powers. The trust effects the necessary insurance contract with the employer paying the contributions, which are fully deductible as a business expense. When the employee falls sick, the trustees make up his pay.

It sounds quite simple expressed in this form, but the administration is complex, and the major employee benefit consultants doubt whether small firms could use this approach. Companies interested should first consult their broker or insurance company. In particular, they need to tie in any arrangements with any long *term sickness contracts.*

A word of caution is needed at this juncture. If the sickness benefit scheme is too generous, then a company will find the number of employees off sick rising steadily and the length of illness growing steadily longer. Hoover, for example, recently disclosed troubles over its scheme. Life companies have found that back trouble is a particularly common cause of complaint and difficult to disprove.

The authorities may not be satisfied with the growing use of such schemes. But they would have to be extremely careful in altering the legislation. Manual workers have by years of tradition been covered by some sort of insurance scheme—the latest estimate is that around 2m have some sort of cover. Changing the legislation would affect these schemes and it is felt, at least by the consultants, that this will make the government think twice before taking action.

BUSINESS PROBLEM

BY OUR LEGAL STAFF

An agent's commission

I recently purchased a business for £10,000 to include lease, goodwill and fixtures and fittings. By arrangement with the vendor, the price was reduced by £1,000 from £11,000, provided we paid agent's commission on behalf of the vendor on sale price. The agent is now claiming from us commission on £11,000 and not the £10,000 which I paid for the business. Is the agent legally entitled to a commission on £11,000?

We think that the agent is justified, since £11,000 was the price *agreed for the business before* the arrangement was made to pay in the form which you describe.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

The economy and the election

BY PETER RIDDELL

ALMOST A year ago this column discussed the economis influences on the timing of the general election, then expected during 1978. I concluded that "my money was marginally on the autumn when living standards should still be rising sharply and the problem of what follows phase three will not really yet have to be faced. So pencil in either October 5 or 12." Well, in the event, Mr. Callaghan surprised us all (or almost all).

At least there is no doubt that an election will take place by next autumn. After the sanctions debacle some three weeks ago most political pundits are talking about late March or early April, though some still believe Mr. Callaghan's natural caution might result in a delay until October. Leaving all this aside, the economic influences are certainly less encouraging for the Government than a year ago.

Yardstick

The best yardstick of relative well-being is probably living standards as measured by real personal disposable income. These have increased by around 6 to 7 per cent in the last year, boosted both by tax cuts and by an acceleration in earnings. However, the expansion of disposable incomes is likely to slacken sharply during 1979 and may be flat from the late summer onwards. This is because the rate of increase in prices and earnings is likely to move much closer together this year.

There is also likely to be a much smaller boost to take-home pay from tax cuts this year, in spite of Mr. Healey's qualified hints about a reduction in tax in the spring budget. All the monetary and borrowing projections underline the limited room for any stimulus.

However, the pattern of disposable incomes could be uneven and this could have important implications for the timing of an election. For instance, a large part of the current pay round is likely to be telescoped into the first three or four months of this year with substantial back-pay coming through in the spring. Moreover the large increase in child benefits will be received by mothers from the beginning of April.

The impact of economic statistics as such on the electorate can easily be exaggerated but the indicators do contribute to a general feeling about the economy. The classic example is the alleged effect of the poor May trade figures on the 1970 election. The current account is notoriously difficult to forecast though most soothsayers reckon it should be near balance, or possibly in small surplus, for most of the year.

The course of unemployment is also difficult to project, but the widespread view is that the total should continue to decline or at least not to increase, during the first half of the year.

The other main bench mark is the retail price index. Most economists believe that the 12-month rate of increase should remain in single figures for most of the first half of the year, almost whatever happens on the pay front and to sterling in the short-term. The Bank of England bulletin suggested that if earnings rose by between 9 and 11 per cent in the current round, retail price inflation should remain in single figures throughout 1979, while last week's OECD Outlook projected a rise of over 10 per cent if earnings rose by 12 per cent. But all this should be for the second half of the year.

The worst

The general financial background may also be influential and headlines about a falling exchange rate are seen as bad news for Britain. But sterling is expected to be stable in the short-term given the Government's commitments—though few economists are so bullish on a longer-term view.

Overall, the economic influences probably confirm the political experts' view that late March or the early summer is the best time for the Government to hold an election. The uncertainties will be much greater later in the year. The timing will depend a lot on the budget and on developments on the pay front—is a 12 per cent settlement a victory or a defeat? But perhaps the real message of the economic tea leaves is that last October was the best—or at any rate the least risky—time for the Government to hold an election.

The year I fell in love with Primrose

GARDENS TODAY

BY ROBIN LANE FOX

LOOKING BACK over 1978, I reflect once again on a year of extraordinary weather for gardeners. A wet winter, then a surprisingly sharp bout of frost in spring. Together, these two enemies did more harm to my marginally hardy shrubs and silver-leaved plants than any of the past eight winters. Silver plants, especially, were hit very hard, a loss of which nurseries are still complaining.

But by April, we seemed to be back on course, and a dullish early summer was quite convenient. It then turned wet in August as soon as I put up the largest sort of paddling pool for my family. Then, notoriously, the rain stopped altogether. We were left with the driest autumn which gardeners can recall. It has done no good to the border-plants. Phloxes and mimulus hated it. I am fearful, too, for some of the later-flowering campanulas. The Michaelmas daisies had to flower on no water at all. We can only wait and see. But I suspect that losses may turn out to be high next spring, the season when I was otherwise hoping to divide my better plants.

Enough, though, of the complaints. What was especially good in 1978? Tastes vary, but for me it was the year in which I was won over to the presently intermittent pursuit of collecting named forms of primrose and auricula. There is great fun to be had here and also I would guess some good money to be made. April and May were kind to these flowers. Good shows caught many gardeners' interest. I have joined the many who are in the market for anything named and unusual. They divide quite easily so you could soon be a supplier yourself.

Among the larger-flowered sorts, I covet one called Bartimaeus, a dark crimson polyanthus which would surprise anyone. It has no light-coloured eye—hence the blind man's name. The uninterrupted darkness is quite irresistable. I read in one of the few Edwardian flower-diaries which did not reach publishers for Christmas that it used to be a common plant in spring bedding schemes. Can any reader bring this back to life in 1979? It is ten years, now, since I last saw a line of it in Dorset. Demand would be very strong.

Healthy, double primroses are still on sale. Ingwersens of East Grinstead, Sussex supplied me with a double white form which they called Snowball and which is as good as its name. So often these double forms are a wash-out after one crop of flowers. Not so for Snowballs. Mine is already divisible, giving me clumps of a bold new spring flower for the front of my smaller beds.

That old companion, the mauve-red Marie Crousse, is the other reliable primrose with a double flower. Many others can be amassed but they are not easily kept. It is essential, I think, to move them around from place to place, always putting them in fresh and very rich soil when they change position. Almost every plant is far hungrier than we realise. Those who fail with fancy primroses fail because they leave them to starve or expose them too strongly to full sunlight.

Suppose you have an edging to a bed beside a path in half-shade, defined perhaps by a stone or slate border. In summer, it might be overhung with loose border plants. In spring it would be exposed to view. This is just the place for the better sorts of primrose, a place where you can pour out the last of the liquid fertiliser from the watering-can after doing the rounds of the clematis in summer. When healthy, a primrose's clump should be fat, crinkled and squishy. Properly fed, it is not difficult.

The auriculas are the varieties whose leaves are often silvered and whose flowers tend to be defined by a broad central circle of cream-white. Here, I would only put in a good word for the blue-flowered varieties, my best plant of 1978. Ingwersens and Joe Elliott, of Broadwell, Moreton-in-Marsh, Gloucestershire, offer a good named variety, Blue Velvet, which I strongly recommend. It deserves its name by the smooth texture to its petals. It is also lit up by a clear white eye. Joe Elliott also stocks the free-flowering Old Irish Blue, an easy and abundant plant.

A group of these fine variations will flourish in a rich and shaded soil and take up little room. Other colours can be added from a range of mixed seedlings, quite readily grown from a packet of plain auriculas. Those dusty brick-reds, purples and yellows will grow on quite swiftly from seed. But it might be safer to try a mixture from a good nursery. Hilliers, of Winchester, Hants, would sell you 10 interestingly mixed auriculas for around £5.

If you want a challenge, look no further than the infamous alpine *Primula allionii*, a lovely pale apple-pink primrose if you can cope with it. No plant is long-lived outdoors, but for the past four years, I have had one in the shelter of a stone facing north where the drainage is sharpened by heavy mixture of gravel. It is a plant which hates wet on its central crown, so it is best placed at a vertical angle. For £1.25p, Potterton and Martin, Moreton Road, Nettleton, Caistor, Lincoln will offer the superb Crowsley variety of this great rarity. There cannot be many plants available, but I doubt if there is a more intriguing alpine primrose promised to the market in 1979.

Primulas, then, stand out in my own memories of 1978. Any information on the old hose-in-hose varieties, lost doubles, named greens and clear reds is of the highest interest. If you think you have a good old one, there are many who would like to see a flower of it. Too many good primroses have been forgotten. The fashion has turned, as once it turned with the violet, only to be frustrated by poor stock and red spider. Not only are these well-loved plants a memory from last year: a mere two months and they will be opening their buds once again. What happier prospect for us all for a happy 1979.

How Old Rowley's patronage revived fortunes of Turf

RACING

BY DOMINIC WIGAN

IN THE history of this country's royal association with the Turf it is probably fair to say that Charles II stands out as the monarch to have done most towards lifting racing to a national sport.

His reign began (among other things) with the immediate resumption of racing, brought to a halt in the Civil War. It also saw a bloodstock acquisition from an unexpected source—Cromwell's mares becoming the foundation of a new royal stud.

One of Charle's first links with Newmarket is recognised in the Town Plate, which he founded in 1665 and which is still run, though in a different form.

Later in his reign, Charles made himself supreme arbiter in racing affairs at Newmarket and set himself up to judge disputes and generally oversee proceedings there.

One example of his judgment of disputes came in 1682. Opinions were divided as to who had won a race on which there had been some heavy betting and the crowd's feelings were running high. Charles heard evidence on oath from the two jockeys and eventually declared that a horse called The Traveller had won by 1½ feet.

Although "the Merry Monarch" was often a spectator on the Heath, he was also well respected as a race rider. His association with Old Rowley not only led to his being nicknamed after his stallion of that name but also to the name Rowley Mile, over which the Guineas, among other races, are run.

In The Royal Studs, C. M. Prior writes of Charles: "He does not appear to have maintained a stud of his own at all, nor can it be traced that he acquired any mares from abroad."

But although Charles may have neglected the royal studs and Cromwell's mares, it was largely due to him and his court that racing moved from an obscure and almost extinct activity on his accession, to a flourishing sport for the people by the end of his reign.

James II took little interest in racing and breeding and from the Turf's point of view, it was a satisfactorily brief reign.

TV/Radio

BBC 1

† Indicates programme in black and white

WEDNESDAY January 3, 1979

9.50 am Paddington. 9.55 Jackanory. 10.10 Why Don't You? 10.35 The Cossack's Horse. †11.00 Buck Rogers. 11.20 The Fantastic Journey. 12.05 pm Bugs Bunny. 12.15 "Simon Simon" starring Graham Stark. 12.45 News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.00 Tennis: The Braniff Airways World Doubles Championship. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 The Strange Affair of Adelaide Harris. 5.35 Ludwig.

5.40 News (London and South-East only).
5.55 Nationwide.
6.20 Nationwide.
6.55 The Wednesday Film: "The First 36 Hours of Dr. Durant."
8.05 The Aphrodite Inheritance.
9.00 News.
9.25 The Fall and Rise of Reginald Perrin.
9.55 Let's Go Naked (report on naturist holidays).
10.45 Tonight.
11.25 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—3.05 pm Bilidowcar. 5.30-5.35 Crystal Tipps and Alistair. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.10 David Essex. 7.40-8.05 Tomorrow's World. 11.25 News and Weather for Wales

Scotland—2.00 pm The 1978 British Open Golf Championship. 2.50 The Pine Tree. 3.15 Join BBC-1 (Tennis). 5.55-6.20 Reporting Scotland. 11.25 News and Weather for Wales

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.25 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.35 am Charbar.
11.00 Play School.
3.50 Tennis from Olympia.
5.35 News on 2 Headlines
†5.40 Charlie Chaplin in "A Night Out."
6.10 Mathematics into Pictures.
7.10 Dylan Thomas's "Me and My Bike."
8.05 Mid-Evening News.
8.10 The Money Programme.
9.00 Mash.
9.25 Tennis: Braniff Airways World Doubles Championship (highlights).
10.45 Cricket: Third Test—Australia v England (highlights).
11.15 My Kind of Movie: Lord Chalfont on "Elvira Madigan."
11.20 Late News.
11.35 The Late Story.

LONDON

9.30 am "The Delphi Bureau." 11.05 Nobody's House. 11.30 Westway. 12.00 The Adventures of Rupert Bear. 12.10 pm Stepping Stones. 12.30 England Their England. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 About Britain. 2.30 "King Solomon's Mines," starring Deborah Kerr and Stewart Granger. 4.20 How. 4.45 The Book Tower. 5.15 Pauline's People.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Leave It To Charlie.
7.30 Coronation Street.
8.00 Bill Maynard in Person.
9.00 Best Sellers.
10.00 News.
10.30 Best Sellers (continued).
11.15 Charles Aznavour.
12.10 am What The Papers Say.
12.25 Close: Michael Burrell reads from the Diary of Nijinsky.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Space 1999. 10.05 "Pufnstuf" starring Jack Wild. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Time for Dancing. 1.25 Anglia News. 2.00 Houseparty. 2.30 Raffles. 2.25 TV Movie: "It's Good To Be Alive." 5.15 Mr. and Mrs. 6.00 About Anglia. 11.15 Westside Medical. 12.15 am The Big Question.

ATV

9.15 am Something Different (R). 9.30 Jersey Battle of the Flowers 1978. 9.55 The Adventures of Pinocchio. 10.20 Juggernaut. 10.30 Wilkie on Water. 11.00 High Grass Circus. 12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 2.30 The Mid-Week Matinee: "White Feather," starring Robert Wagner. 5.15 The Rolf Harris Show. 6.00 ATV Today. 11.15 Mermaid Frolics.

BORDER

9.40 am Stars on Ice. 10.10 Feature Film: "Tunderbirds Are Go." 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Lifestyle. †1.20 Border News. 5.15 Jonny Quest. 6.00 Lookaround Wednesday. 11.15 Documentary—Henry Ford's America. 12.00 Border News Summary.

CHANNEL

GRAMPIAN

GRANADA

HTV

Thunderbirds Are Go. 11.45 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Wild, Wild World of Animals. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Celena and Friends. 11.15 Code R.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 "Rydw I am Fod. . . . 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.25 am Valley of the Dinosaurs. 9.50 The Mad Dog Gang. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm The Nature of Things. 1.25 News and Road. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today—John Toye. 6.30 Best of Weir. 7.00 This Is Your Life. 11.15 Leave It To Charlie. 11.45 Late Call. 11.50 George Hamilton IV.

SOUTHERN

9.30 am Space 1999. †10.20 "Life Is A Circus," starring The Crazy Gang. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Sounds of Britain. 1.20 Southern News. 2.00 Houseparty. †2.25 "Shakiest Gun in the West." 5.15 Melotoons. 5.20 Crossroads. 6.00 Day by Day. 11.15 Southern News Extra. 11.25 Casino de Paris.

TYNE TEES

9.30 am The Good Word followed by North-East News Headlines. 9.35 Nanny And The Professor. 10.20 "Death Drums Along The River," starring Richard Todd. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Lifestyle. 1.20 North-East News and Lookaround.

ULSTER

WESTWARD

YORKSHIRE

BBC Radio New Wavelengths

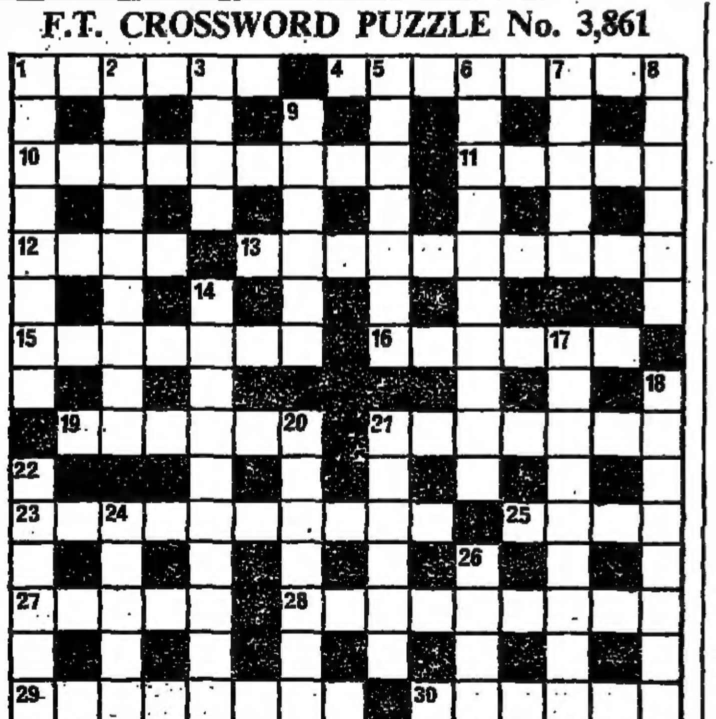
RADIO 1

RADIO 2

RADIO 3

RADIO 4

F.T. CROSSWORD PUZZLE No. 3,861



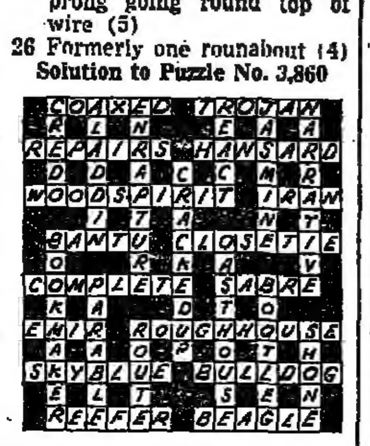
ACROSS

1 Container for one who collects ingredients for brewer (6)
4 Give an account of French writer (8)
10 Yokel with a note to send down (9)
11 It would help if Virginia returned to suffer (5)
12 Return call that costs nothing (4)
13 Dejected but not like 6 (10)
15 Appetite that is right for more stout (7)
16 Tool for girl holding head of rivet (6)
19 Fighter who puts up his guard? (6)
21 Rig cast unusually—from inside? (7)
23 Report two notes to people (10)
25 Her love for a brave man (4)
27 Let meadows enrich initially (5)
28 Courtesy call for soldiers (9)
29 Unearth it at start of excavation with fingers (8)
30 Fish from shelf by river-head (6)

DOWN

1 Insect making Arab scoot (5-3)
2 Pose that's changed with utmost speed (9)
3 Time to rise and send out (4)
5 Look on crest of hill—if raised it could be a sign of surprise (7)
6 Map soldiers employ in good spirit (10)
7 Angry with rodent that is outside (5)
8 Join up with some keen listeners (6)
9 Meat for each container (6)
14 Record on canvas creating ill-humour (10)
17 Caring about favourite on floor? (9)
18 Large glass vessel (8)
20 Withdraw note on pamphlet (7)
21 Increase vegetation development (6)
22 A vicar went in front but it could be bad (6)
24 Sound of guitar produced by prong going round top of wire (5)
26 Formerly one rounabout (4)

Solution to Puzzle No. 3,860



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

THE ARTS

Paris Opéra

Makarova and Nureyev

by CLEMENT CRISP

There was an ironic dance situation in Paris at the Year's end. The Kirov Ballet was still celestially installed at the Palais des Congres when two former luminaries of the Leningrad troupe appeared at the Opera. For a scheduled three performances, reduced by a stage-hands' strike to two, Natalya Makarova and Rudolf Nureyev were guests in the Opera's Russian production of *Swan Lake*. This is a version mounted there in 1960 by Vladimir Bourmeister, a reworking of his earlier presentation for the Moscow Stanislavsky Ballet which had been an attempt at showing *Swan Lake* according to Chaikovsky's first intentions. In view of the imbalance and uncertainties to be observed in the musical structure of Chaikovsky's original text, the enterprise then seemed unwise, albeit intriguing. In the present state of the Opera's staging, the unwisdom alone remains. It was the first full-length *Swan Lake* in France, and it looks undramatic and indecisive, with effective sets by Maurice le Nestour ill served by gaudy costumes from Marcel Escoffier (a flurry of court ladies in orange tulle are like a particularly menacing Formation Dancing team). In matter of choreography, Petipa and Ivanov are invoked for Act 2, which is adding insult to injury; the Opera dancers bustle vivaciously through the enterprise. I am not quite sure what the whole affair is about, except that *Swan Lake* as a lyric-dramatic masterpiece comes low down on any list of probabilities.

The matter is all the more deplorable in that, a couple of miles away, the Kirov Ballet offers the ideal view of how the second act should be performed (in manner if not in text). *At the Palais des Congres*, the Kirov corps of swans are a harmonious ensemble of graces, pure in style, peerless in training, entirely aware of what classical dancing is; they are the most beautiful expression of Chaikovsky's score, of the swan legend, of the nobility of the academic dance. The French corps de ballet, with their finicky, mannered style and a determined individualism, seem no more than a collection of girls who have learned to dance.

A curious setting, then, for two Leningrad stars. Makarova's interpretation seemed tuned in to the Palais des Congres, and it was, in fact, the only thing *missing from* the Kirov's Paris presentation: a perfect Odette/Odile. Everything that Leningrad means to classic ballet: the unique rightness of its teaching; *its rigorous* rejection of technical compromise or cheating; its concern with artistry freed only by complete physical authority and its power to touch a *chosen few* with the fire of greatness—all were present in Makarova's reading. It was grander, more reserved in manner, more pure in tone than I have seen her give before. The clear line of artistic descent, through Dudinskaya and Vaganova to such Maryinsky ballerinas as Spessivtseva and Trefilova was apparent. The tragedy as well as the poetry in the lake-side act were sharpened and made more intensely serious; Makarova's interpretation, by its distinction of utterance, revealed her undoubted supremacy in the role. Odette's grief came from the depths of her being and irradiated the dance; in this second act Nureyev's partnering and his emotional concern with Odette were admirable. Elsewhere, alas, his dancing was fraught, laboured and technically unhappy. At this present stage in his career the *danse d'école* at its most demanding seems all too evidently unsuited to him.

In the second act both Nureyev and Makarova transcended the Opera production and showed us the essential *Swan Lake*, a lyric drama capable of thrilling renewal by true artists. In the duet Makarova's grief of spirit gave way to a piercing gleam of hope as, half-way through the *pas de deux*, the 'cello takes up the main theme of the score. And throughout the act her exquisite lightness, the taut purity of line, showed the dancing flowing between moments when Odette poses immobile on point as if her swan's nature was reasserting itself and she was about to *take flight into the night sky*. Phenomenal the final leave-taking: a despairing last gesture to Siegfried, and then her arms change before our eyes into wings undulating, beating with tragic inevitability. The entire personality of the dance itself changes, even seen as we see it, from the back. Human emotion fades, as von Rothbart's enchantment and the swan's identity take over once more with dawn.

Natalia Makarova

Makarova's interpretation should be required study for all other interpreters of the role, not least because in the ballroom scene there is never an instant of tawdry, vampish passion. This Odile is beautiful, as noble in her way as the Swan Princess, and the dance is nobly set out, the tone of the movement rich, glowing it must seem with a golden and irresistible warmth. Technically lustrous, with impeccable pirouettes and fouettés on the Opéra stage's considerable rake, it was even more compelling as an emotional performance. Odile, sinking to the ground to remind Siegfried of Odette's pose, suddenly turns from him, insisting thereby on the essential quality of Makarova's view of the character—that Odile is a malign vision of the beloved, forever just out of Siegfried's grasp. The one positive virtue remaining in this Bourmeister act—otherwise cluttered with vapidly danced divertissements—is the ending in which von Rothbart and Odile remain to gloat exultantly over Siegfried, which Makarova and Nureyev make a passage of high and splendid tension.

Bourmeister's fourth act is confused, exasperating. It reaffirms my oft-repeated assertion that the Ivanov last scene is the only valid culmination of the drama; and that this final passage is not "about" the Chaikovsky score but far more concerned with Ivanov's inspired response to his music and to the dramatic structure devised by Petipa. Bourmeister offers such doubtful delights as those four accursed cygnets hopping through part of their second act number at half tempo while their elders (but not betters) prance daintily behind them. Makarova is *allowed a touching scene as she* mourns over the recumbent figure of Nureyev, who must then struggle through a yardage of billowing nylon as the stage *is supposed to flood*. Then, inexplicably, he approaches von Rothbart's abode (a heavily castellated *vespasienne*) which obligingly goes up in smoke and Odette *returns in human form*. The lovers are—how true, how touching—now able to live happily ever after. The only victims are von Rothbart and *Swan Lake*.

I must also record that the production is fully equipped with a jester. *Swan Lake* jesters, originated by Gorsky *in Moscow at the beginning of* this century and patented and remorselessly propagated by all other Soviet stagings, can make the Chinese water-torture seem like an April shower. The role could hardly be more deleterious for Patrick Dupond, a most gifted young dancer and the bright hope of the Opera. It encourages him in winsome capers, smirks, vivacious appeals to the audience, interminable *pirouettes and every cheap* effect that can corrupt him as an artist. As the Messenger in *Song of the Earth*, Dupond showed every evidence of an artistry which, in so young and promising a dancer, must be encouraged. Playing the fool, in every sense, can do him nothing but harm.

New York

Emigré artists

by FRANK LIPSIUS

While they are still living in Moscow, the satirical artists Vitaly Komar and Alexander Melamid had a show in New York in which every piece of art was sold. A year ago, they were in the news when Komar finally got a Soviet exit visa and the two artists were reunited in Israel. A recent show at the Ronald Feldman gallery contains work done since their arrival in the West.

When he was expelled from the Soviet Union, Solzhenitsyn lamented that his exile would dissipate the energy and remove the wellsprings of his art. For Komar and Melamid the danger is equally acute because the artists derive so much of their inspiration from the artifacts of life around them. The major work at their first show in 1976 was called Biography and consisted of 197 miniatures that depicted the events in the life of a young Soviet citizen. Alongside park benches, Red Square rallies and factories were symbols of religion and technology done up in the style of an ancient Egyptian overseer whipping a factory. They mimic Soviet realism and human anonymity with an enlargement of a brand of Soviet cigarettes commemorating the dog that died in a space mishap.

Though there has not yet been enough time to judge the effects of emigration on the satirists, *the major work at the recent* show was a disappointing relic of their flight to freedom. The two performed a ceremony in Jerusalem where Komar burned his suitcase, ate an orange and the two whipped out a scroll with the story of their emigration as a broad satire of religious ceremony. The remains of that ceremony, encompassed within a series of 13 triangular boards surrounding a partially destroyed larger aluminium triangle topped with a red star, constitute the work called *The Testament of the Priest and the Teacher*. "Priest" and "teacher" are the meanings of the artists' names in Hebrew. The work takes up a whole wall (the triangles are each the height of a man), with detritus and prayer-books scattered among the more solid, but no more meaningful, parts of the work.

More successful is a black and white series of paintings done in the style of Van Gogh with seven world figures posed in three-quarter profile, their right ears encased in bandages. Most of them are smiling and gazing into the distance as though they were caught in candid poses. The idea is clever and typically sarcastic, though one figure in that pose would have made the same point and avoided the question of why Valery Giscard d'Estaing, James Callaghan and Hua Kuo-Feng needed to be included along with Carter, Sadat, and Begin.

Nine years ago, Bruce Tippett's show at the Betty Parsons gallery contained works done after a recent arrival in New York. The artist used the most malleable material, rubber flooring, which he cut in strips and shaped in ways reminiscent of the work he did in Italy shaping wood and less flexible substances.

Now working in charcoal and acrylic, his present show displayed an artist mastering two other, more traditional but more daring media. He still shows an acute sensitivity to his materials, combining the acrylics with rice paper and strokes from a broad Japanese brush. Colours come through the transparent paper with adventurous unevenness. The flow of the strong lines is accompanied by eddies of colour and texture. The paper itself envelopes the edges of a line here, is set off by strong pastel colours there, while in some of the pieces, borders become lines of definition: a smooth curving line is formed to double back and be engulfed in the powerful dynamic it engendered.

Television

No news is bad news

by CHRIS DUNKLEY

Television marked the 1978 winter solstice in the manner to which it has become accustomed: with a lamentable dereliction of duty. In the very week that news was breaking thickest and fastest television news programmes were truncated and current affairs programmes abandoned entirely.

As turmoil increased in Iran with demonstrators and rioters being shot in the streets and a major source of the world's oil effectively dried up, the BBC's main television news was cut from 25 minutes to 10. Critical situations elsewhere abroad from Rhodesia to Turkey were consequently even worse covered than that in Iran.

Though Britain itself froze over and blizzards, ice, and floods brought chaos to roads and railways, and home news became more vitally necessary than normal to the British people (who were known to be sitting at home near their TV screens, out of choice or necessity, in larger numbers than at any other time of the year, often sorely in need of information about travel arrangements, supplies, or conditions in other areas affecting family or friends) ITV matched its competitor's actions and chopped its main news back to half normal length.

Their foreign reporting was as scrappy as the BBC's, and it did not help to have Martyn Lewis *in Tehran claiming that reports* of the Shah leaving were coming from "a highly placed palisade" when he meant an aide from the palace. As we have come to expect, ITV ditched current affairs programmes for the duration of the holiday just as casually as the BBC did.

Much has been written and spoken during the last 10 years or so of how *television with all* its technological marvels is usurping the rôle of the printed Press. Hardly a week goes by without a broadcasting engineer or professor of mass communications telling us that, what with microprocessors and electronic *news gathering, direct satellite* transmissions and teletext data at the touch of a button, television will soon make the newspaper a thing of the past or, at best, and adjunct to electronic news.

Yet our own eyes tells a very *different story. They prove that* when news is most needed, and the public is having unusual *difficulty getting it from the traditional sources owing to a most* unusual strike in the provincial Press, freak weather delaying other papers, and the unprecedented suspension of two of our major national newspapers, broadcasters will prove completely unequal to the challenge of stepping into the breach.

Engineers, silicon chips, and all theories aside, we can see perfectly clearly for ourselves that although broadcasting has a tremendous advantage over other forms of mass communication in being affected scarcely at all by road and rail conditions, television will not use that advantage to provide the public with a better news service, nor to expand current affairs coverage, or even to supplement an abnormally thin diet from the press.

It will use it instead to expand the familiar ratings battle into a full-scale war in which both sides abandon even the small pretensions they usually have to being sources of useful and serious information. *In the last 10 days the two* bodies which control our television networks have shown themselves in their true colours: as Tweedledum and Tweedledee, intent upon their own silly little battle, wholly concerned to make their onlookers laugh, and willing to let the rest of the world go hang so long as they can continue to indulge their endless nursery antics.

The production of serious programmes *was reduced to an* absolute minimum simply to make possible the extrusion of greater quantities of programme Polyfilla. This the broadcasters used to fill the gaps in a huge conglomeration of secondhand cinema blockbusters: everything from *The Sound of Music* to the long, turgid and revolting *Wild Bunch*.

On New Year's Eve, for example, ITV urged us—and *perhaps there was a note of* desperation in the urging—to preface a viewing of a movie called *The Diamond Mercenaries* by "enjoying again" various *bits and pieces from the ill-fated Bruce Forsyth's Big Night* series which ceased just before Christmas. An hour later BBC 1 was pressing us to another showing of "highlights" from recent episodes of *Larry Grayson's Generation Game*.

It is true that the game gentleman who imitated the routines of the keep-fit ladies did look very funny. However, he did not look as funny a second time as he had the first time; and anyway there is simply no excuse for devoting five times as long (50 minutes) to repetition of this sort of thing and 16½ times as long (165 minutes) to the movie of *My Fair Lady* which preceded it as to news of the entire world which was squeezed in between them (in ten minutes).

Those programme presenters whose series were not considered suitable or strong enough in re-usable material to support the cobbling together of patchworks from old programmes, were invited instead to make seasonal "specials." *Thus ITV offered George And Mildred's Christmas Show* (featuring a visit from Mildred's lousy-rich sister: "I always say there's nothing like messing *about on luxury cruisers*") and on the same night, in place of Barry Norman's Christmas roundup of movies which succumbed to BBC staff trouble, BBC1 *transmitted Max Boyce Entertains*—a claim which was greeted in my household by a loud seasonal chorus of "Oh no he doesn't!"

Val Doonican's Christmas In The Country on the same channel on the same evening was notable mainly for appearing to have been made entirely in a city studio, but the programme did also typify the sycophantic spirit of mateyness which television substitutes nowadays for those other spirits—religious and pagan—which have traditionally been celebrated at this season of the year.

So has there really been nothing of noteworthy quality, light entertainment or otherwise, at the turning of the year during this odd holiday which the British have so recently developed?

Well, *The Two Ronnies* have started a new series on BBC 1 which is neither different nor better than their past few series but is just as good, and since *they are now the funniest* double act on television, that is actually saying a great deal. In particular they are managing somehow to sustain the high *standard of their musical skits* (rock and roll, and Edwardian seaside so far) which have received such praise in this column before, and that is a *most impressive achievement.*

Then on Saturday there was London Weekend's semi-traditional pantomime called *Emu's Christmas Adventure*, which worked well because it was written by a man who understands the form better than most *(David Wood)* and employed a supremely professional cast to support the mad-bird/bird-mad stars, including Arthur Lowe as the king, Jack Douglas as the villain, and the ever under-valued though *deservedly* busy Henry McGee as Santa's toy maker.

In Thames's *Ken Dodd Show* the star proved again that he is the best music hall comedian in Britain today; and in *Living In The Present* on BBC 2 John Percival provided the very programme which addicts of *Living In The Past* had been waiting for, showing what happened when his iron age volunteers returned to the bosom of society.

In fact BBC 2 came closest to saving the day: though the Astaire/Rogers films have been shown so many times, the *quality of their dancing and* sheer entertainment generally put them near the top of this holiday's programmes (despite Astaire's acting being as consistently bad as his dancing was good) and the Jack Lemmon canon is more re-watchable than most, too.

Further, BBC 2 offered a highly enjoyable trio of programmes produced by Manfred Gräter (Germany's answer to Humphrey Burton) showing the life and some of the music of *Itzhak Perlman*, a violinist who is well worthy of such attention.

And, of course, there was Southern TV's rendering of the Glyndebourne *Magic Flute* in which Hockney's famous designs proved highly suitable for television, though certain other *details (such as the wig lines* which looked so stark in close-up on the Three Ladies) didn't. In one respect watching this telerecording was superior to watching a live *performance*, for those of us who speak no German, anyway: thanks to Spike Hughes' well-chosen subtitles Mozart's plot was appreciated at home far more readily and extensively than by the audience at Glyndebourne.

Yet two or three or even 10 exceptional programmes are not enough when scattered amid such a morass of moronic mummery to excuse broadcasting administrators from collective condemnation. Throughout the rest of the year television provides ample material for the undemanding, but it does also *supply a fair number of more* thoughtful programmes.

Next year the broadcasters should remember that there are no grounds whatsoever for assuming that we all throw our brains away with the Christmas wrapping paper: this endless procession of the bland leading the bland really won't do.

Ronnie Barker and Ronnie Corbett

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Wednesday January 3 1979

The silence of Farmer Jim

THE ROW which has broken out between France and Germany over the Monetary Compensation Amounts paid under the EEC farm policy—the subsidies and levies which enable farmers to trade despite very different domestic price levels — seems rather marginal, as we argued yesterday, to the operation of the European Monetary System as a whole. On the other hand it is not marginal at all to the operation of the farm policy itself. Britain has chosen to remain on the sidelines of the EMS, but has campaigned ceaselessly for a reform of the farm policy. It is ironical, then, that the British Government should have nothing to contribute to the argument on the grounds that it is a matter for those inside the EMS.

Awkward balance

At first sight, there is a stronger reason for British silence. The regime of "green" currencies and subsidies has helped to prevent the depreciation of sterling in earlier years from appearing fully in the level of British food prices. It also has the unfortunate side effect of providing large subsidies for high-cost German and efficient Dutch producers, among others, while margins in British farm production are tightly compressed, and domestic food production is lower than it might otherwise be. There is thus an awkward balance to be struck between the interests of farmers and those of consumers. The French argument for lower MCA's would imply higher retail prices in the UK.

However, this is an excessively narrow and short-term view of the issue for a Government which proclaims the need for fundamental reform. If the EEC farm policy as a whole contains a large element of nonsense, as the British have always argued, the regime of artificial exchange rates and the supporting apparatus of subsidies and taxes is its most nonsensical element. The official British position is that we would willingly abandon the whole apparatus if at the same time rational prices could be imposed for farm products inside Europe. This sounds high-minded and consistent, but is in fact evasive. There is no chance at all of any quick move towards rational and truly common prices, which would involve massive cuts in real income for high-cost producers of surplus products—notably German dairy farmers.

If we are serious about our reform strategy, the only workable tactical approach is to support proposals which involve some movement towards realism.

Viewed in this light, the French demands are at least a basis for discussion, though they are in some ways obscure and in others possibly over-ambitious. When the Common Agricultural Policy was launched, it may be remembered, it was argued that the need to preserve a unified agricultural market would make it virtually impossible for EEC members to tolerate parity changes. When this naive idea was firmly overthrown in the late 1960s and afterwards, another illusion seems to have taken its place: exchange rate changes were essentially short-term movements to accomodate speculative pressures. Arrangements to stabilise farm incomes while the monetary problems were resolved therefore seemed logical.

In fact, of course, exchange rate movements have tended to be cumulative trends rather than temporary swings. As a result, the regime of green currencies and MCA's has become cumulatively more expensive and distorting.

Starting point

If this process is not to go on for ever, dictated by the political strength of the farm lobby in Germany and its near-impotence in the UK, then the French demand that future increases in MCA's should indeed be temporary and transitional seems a sensible starting point. Assuming that past trends in exchange rates are to some extent continued, this would at least apply some pressure where it is most needed—to the subsidised production of surpluses in high-cost countries.

The second French demand, for the total elimination of MCA's over perhaps four years is, as it stands, lopsided. It could only be supported if other steps towards realism were taken at the same time—steps to eliminate persistent surpluses, and to direct EEC subsidies more to low-income producers rather than to temperate foodstuffs. However, the French initiative could at least put these questions, which have long preoccupied British Ministers, on to the Community agenda. If Britain remains silent, she cannot expect her future pronouncements on farm policy to be taken seriously.

Cold east wind for Comecon

THE DEPTH of a harsh winter is a good vantage point from which to view the problem of energy supply, especially when it closely follows an OPEC price rise and the sort of threat posed by the situation in Iran.

But, while western experts worry about the security of future oil supplies and the accumulating delays involved in getting nuclear energy past environmental lobbies and popular suspicion, Eastern Europe has extra cause to rue inclement weather at this particular time. For 1979 is the year of truth. Up to now the Soviet Union, which is Comecon's main supplier, has been selling oil at prices based on a five year average of world prices which, up to now, has meant at least one pre-1974 oil price year. This year the average no longer includes this bonus while the latest OPEC rise came in time to be included in the 1978 price level.

That price rise was good news for the Soviet Union which earns nearly $6bn, or over 45 per cent of its hard currency earnings from sales of oil to the West, and a slightly smaller sum in soft currencies from its sales to Comecon. It needs the money to pay for the rapidly increasing cost of production from its Siberian oil fields. But the higher prices, roughly on a par with world prices, create a major problem for the economies of Eastern Europe.

Major problem

Not only has the Soviet Union raised the price of oil and gas, it has also told its partners that they can no longer rely on annual increases in oil shipments after 1980. Gas is a different matter. The Orenburg pipeline, connecting vast Soviet gasfields at the foot of the Urals with Eastern Europe, has now been completed and shipments should rise steadily as the compressor stations come progressively on stream. But future increments in oil demand will have to come from OPEC or other sources or from the Soviet Union—BUT only at world prices paid for in dollars.

The response of Eastern Europe has been to step up investment in coal, lignite and nuclear energy and try to dampen the rise in domestic energy consumption by appeals for greater efficiency and swingeing rises in the price of petrol and other products. But the sort of power cuts which have troubled Poland and several other Comecon countries in recent months indicate the difficulties they face in providing sufficient power to accommodate the ambitious growth targets set in the last two five-year plans in particular.

Now the extreme cold threatens to disrupt production in the already harsh climatic conditions of major Soviet producing areas and affect the transport and distribution network which is already severely overloaded throughout Eastern Europe.

Targets cut

The severe cold is a temporary problem; it is an extreme version of what the Soviet Union calls its "arctic tax," the penalty for living in such Northern climes. But it gives added significance to a marked trend towards retrenchment which has emerged from discussion of growth targets in most Comecon countries for 1979.

Even without a harsh winter the problems of paying for energy, producing high-quality goods for export, servicing the growing foreign debt and keeping faith with promises of higher living standards at the same time are proving an increasing strain. Throughout the bloc investment targets are being cut, the emphasis is being placed on completing existing projects rather than starting new ones, and a drive is under way to squeeze higher productivity out of men and machines.

Romania has added to the list a refusal to increase its military budget as demanded by the recent Warsaw Pact summit. If economic difficulties were to spill over, as they may, into political and social unrest it might well be an example looked upon with increasing interest by several other members of the bloc as well.

Bourses in 1978

Last quarter dashes hopes on world stock markets

BY MARTIN TAYLOR

ONLY THREE months ago the world's major stock-markets were close to unanimous optimism. The bulls were in control nearly everywhere and the perennial suggestion that equities were in for the re-rating necessary to catch up with five years of inflation came to the surface again.

The last quarter of the year has dashed a number of hopes. Some of the markets have fallen substantially and even those which have more or less maintained their best levels are entering the New Year apprehensively.

To put the markets into perspective: the Capital International World Index (unadjusted for currency changes) gained 9.4 per cent in the first 11 months of the year, barely recovering the 7 per cent decline it registered in 1977. This is partly explained by the disappointing performance of Wall Street which closed for Christmas marginally below the level at which it started the year.

Although the various national markets largely reflected domestic pressures, a number of international factors helped to explain the development of stock market prices.

Loan demand slack

With the exception of North America and the UK, international interest rates were generally steady or falling in 1978 with loan demand slack and liquidity plentiful. In Europe, a massive political shadow was lifted with the defeat of the Left at the French parliamentary elections in March. International political news was not as unsettling, as in some recent years. Fears of a slow down in world trade as a result of extremely sharp currency movements proved unfounded; fears of increasing protectionism were offset by the high level of industrial orders from developing countries and the opening of the Chinese market. Economic growth in OECD countries has been running close to expectations.

But towards the end of the year the capacity of stock markets to cope with volatile currencies came under tremendous strain as the dollar's chronic decline was abruptly reversed by President Carter's November 1 package, only for speculative pressure against the currency to build up again as the year-end approached. Oil prices rose by more than had been hoped and the breakdown of order in Iran, set against instability in South West Asia in general, has been increasingly disturbing.

The bull markets earlier in the year were marked by a reversal of the concentration—so evident in 1977—on equity yield. The Tokyo and German stock indices advanced in spite of a relatively sluggish performance by the Japanese export traders and the German engineering and chemical majors, which have heavy index weightings but were held back by the strength of the yen and the D-mark. Second-line stocks were re-rated in many centres. In Canada speculative buying of gold and Alberta oil and gas shares fuelled the rise of the Toronto exchange.

Wall Street has seen a number of false dawns during the year, and the peak of the interest rate cycle although often proclaimed, remains elusive. Institutional liquidity has been built up strongly but the feeling that common stocks, as well as bonds, have further to fall is widespread. Worries about overheating of the U.S. economy have been replaced by an apparent determination to talk the economy into a recession, from which, it is argued, a healthily-based stock market could emerge. As so often in the past, U.S. equities look cheap from outside the country, and tumultuous one-day advances, like the record 35.34 point spurt in the Dow Jones Index on November 1 showed what the market was capable of when it looked as though the problems of inflation and the dollar decline were being tackled. But the investors who have done best this year are those who took profits when the Dow Jones Index was around the sensitive chart point of 900 in the late summer.

The relentless rise of U.S. interest rates was to some extent catching. Abetted by the large credit demands of the British Government at a time when private sector loan demand in the UK was rising, it forced the Bank of England Minimum Lending Rate to a defensive 12½ per cent and torpedoed both the market in British Government stock which had been the star performer in 1977, and through further contagion, British equities. The FT 30-Share Index struck a peak in September before reacting downwards in a final quarter marked by unsuccessful official attempts to apply an incomes policy and an uncertain trend in company profitability.

Largely because of the currency gains that have accrued to non-Japanese investors, the Tokyo market has been the object of much overseas attention, although a number of other stock exchanges—even Hong Kong, in spite of its vertiginous last-quarter fall—have performed better over the year. The Tokyo Stock Exchange has risen very steadily throughout 1978, supported by the enormous amassed liquidity of local institutions, boosted by Bank of Japan foreign exchange market intervention.

1978 PERFORMANCE IN THE MAIN STOCK MARKETS

	% above 1978 low at end-year	% below 1978 high at end-year	gain (loss) on year
New York (DJI)	9	11	(3)
Tokyo (New SE)	23	1	21
London (FT 30)	9	12	(3)
Germany (Commerzbank)	8	5	4
Paris (Bourse 1961)	60	8	43
Zurich (Swiss Bk. Corp.)	11	11	(4)
Toronto (Composite)	30	2	23

	% above 1978 low at end-year	% below 1978 high at end-year	gain (loss) on year
Honk Kong (Hang Seng)	30	29	24
Sydney (All Ordinary)	32	4	14
Johannesburg (Industrials)	38	5	27
Amsterdam (Industrial 1970)	6	13	1
Milan (BCI)	24	16	24
Singapore (Straits Times)	37	16	31

THE BACKGROUND TO THE FIVE MAIN MARKETS IN 1978

	OECD forecast for 1978 economic growth at end 1977 (%)	OECD estimate of 1978 growth at end 1978 (%)	Expected broad index dividend yield on year-end prices (%)	Long-term government bond yields end-1977 (%)	Long-term government bond yields end-1978 (%)	Trade-weighted currency changes (%)
U.S.	4.25	3.75	5.5	7.9	8.9	− 8.6
Japan	5.0	5.75	2.1	6.1	5.6	+19.5
Germany	3.25	3.0	4.9	5.6	6.5	+ 5.8
France	3.25	3.0	5.7	11.1	10.0	+ 2.9
UK	3.0	3.0	5.8	10.8	13.1	− 2.2

The build-up of margin positions has led to forecasts of a more or less severe market collapse in early 1979 but the Tokyo market enters the New Year heartened by industrial orders from China which, like the German mining order from China, suggest encouragingly that the strength of the Japanese and German currencies has not destroyed export competitiveness. There has been growing investor interest in blue chip export stocks which had earlier been relatively neglected.

The Paris Bourse

The strongest advance was shown by the Paris Bourse. French shares had been on a falling trend since early 1976 in anticipation of a Left-wing Government, and by the end of January 1978 the gains made in an upward reaction in mid-1977 had been cancelled out. The Bourse's response to the election results was predictable—several days of unprecedented advances on record high turnover. The last quarter has seen substantial profit-taking and the market's enthusiasm has been quenched a little by rights issues and offerings of Government debt.

The end-year technical position is particularly confused. On the one hand investors were taking profits or establishing losses ahead of the introduction of capital gains tax on January 1, while on the other hand small investors were buying lines of shares before the year-end to qualify for income tax relief under the new Monory law.

There is some evidence that French institutions are supporting the market at present, just as some state-owned bodies were offering stock in the spring to keep the bull market under control. Insurance companies are said to have promised the Government that they will put more money into equities as a quid pro quo for being allowed to raise their premium rates, and the overall liquidity position remains relatively strong. The prospect of the European Monetary System has allowed short-term interest rates in France to come down sharply this year and French brokers are expecting more foreign buying of French stocks if it looks as though the franc will be able to hold against the D-Mark next year. There will also be a prospect o capital gains on bonds, as the yield curve is very steep at present and long-term rates have room to fall. A good deal still depends on whether or not the French authorities are able to bring inflation down to, say, 7 or 7½ per cent from the present 9.5 per cent. If they fail, the Bourse may have an uncomfortable ride in 1979.

The German market has turned sour in the past two months after having looked both technically and fundamentally sound in the autumn. One reason has been the withdrawal of buyers: foreign investors, many from the Middle East, who had bought German stocks in their flight from the dollar earlier in the year, disappeared from the market after the November measures, although profit-taking was not substantial. In addition, German insurance companies, which have been tempted to increase their equity holdings by the dividend tax reform, pulled out in mid-November to settle their books for the year-end, and the market has lacked support.

More significantly, however, the Bundesbank sent a shiver through the market by the measures it took to curb excess liquidity—a raising of banks' minimum reserve requirements by DM 4bn and a DM 5bn lowering of maximum rediscount quotas. Considering the size of the foreign currency inflow into Germany (DM 13bn or so since July alone) and taking into account the fact that banks were not up against their rediscount ceiling the effect of the measures has been mostly psychological, but no one doubts that the authorities are prepared to take steps to neutralise the domestic money supply effects of any further foreign inflow.

The steel industry strike and German dependence on Iranian oil have not helped matters in the last few weeks. Bond market yields are creeping up and may reach a level at which they attract funds from the equity market. But the fundamentals for the German economy look encouraging into 1979, even if inflation seems to be tending slightly higher.

Some Far Eastern stock markets gave passable imitations of those heady days at the beginning of the decade: Hong Kong and Singapore with booms and half-busts, and Australia with fresh interest in speculative mining stocks. South African industrial stocks performed very strongly both absolutely and, in spite of the soaring bullion price, relative to gold mines: liquidity was very high and interest rates fell.

In Italy the Bourse's surge was not maintained but the Milan index ended the year showing very healthy rises. Amsterdam lost all its mid-year gains and the Swiss bourses moved narrowly, stifled by controls on foreign investment and the effects of the appreciating franc on Swiss industry.

It may be that 1978 will be remembered as the year when the equity share came timidly back into fashion at the expense of fixed-interest investments. But the fall in most markets in the last quarter shows how fragile the recovery has been, and the experience of Wall Street and London suggests that it is very vulnerable to any widening of the reverse yield gap. With a little luck this modest revival may hold in 1979, but it is unlikely to be mistaken for a renewal of the equity cult of the late 1950s when there were few doubts about the capacity of share holdings to retain their value.

Extreme case

The most sobering feature of 1978 is that currency gyrations have been so severe as to upstage all but the most spectacular index performances. To take an extreme case, a (remarkably foolhardy) American who had borrowed yen at the beginning of the year to buy the index shares of the tumbling Madrid Bourse would have shown less of a capital loss than another American who had simply borrowed yen, because the peseta's appreciation against the dollar more than made up for the 12.4 per cent decline in the Madrid stock market. He would have been more profitably employed borrowing Canadian dollars to buy French shares—buying the French index in January with C$ 1m would have given him a capital gain of $US 625,000 after repaying the loan. Not a bad return for an index fund.

MEN AND MATTERS

Big fish for the thinking pool

It could be the weather that is making tropical islands so attractive to the world's big thinkers: after Guadeloupe, the rendezvous will be Bermuda. Dr. Johannes Witteveen, erstwhile head of the IMF, will be flying there next month to brood—along with thirty leading economists, bankers and officials—on problems of the world financial system.

The Rockefeller Foundation is putting up $500,000 a year for three years for the independent and international group Witteveen will chair. It is a star-studded cast: Bundesbank president Otmar Emminger, Bank of England executive director Kit McMahon, and Abdul Aziz al Quraishi, governor of the Saudi Arabian Monetary Agency, are among those who have agreed to participate on a continuing basis.

The first issues on the agenda for Bermuda are floating exchange rates and the new European monetary agreement (or disagreement). But over the months, the 30 wise men hope to cover many diverse causes of world economic and monetary troubles.

The danger that it could all become somewhat rarefied should be countered by the presence of key executive from the private sector: IBM, Shell and Credit Lyonnais are on the list. The group is unique — a predecessor, the "Bellagio Group," has long since vanished, and the "Committee of Twenty" sunk virtually without trace; but Witteveen and his colleagues think they will be more high-powered than the former and more flexible than the latter.

The only full-time official so far appointed is Robin Pringle, currently editor of The Banker. He will be executive director, based in New York, in charge of permanent staff, as well as chief executive of a non-profit-

"A note of realism seems to have crept into this year's party."

making corporation that will be set up to seek other sources of funds.

One immediate puzzle afflicts Pringle—what the global think tank is to be called. Since one of the problems to be resolved is the relationship of the dollar, the ECU, and the Yen, how about the "Bermuda Triangle?"

Flying save

With a bankers draft amounting to slightly over £7m in his briefcase, Trevor Minter will fly to Hamburg from London today. Minter is a divisional director of insurance brokers Willis Faber Dumas, and will hand over the draft tomorrow to Hapag Lloyd, owners of the freighter Munchen, which vanished in an Atlantic hurricane last month.

It is the largest payment handed over by Willis Faber Dumas: DM 27m, about 30 per cent of the cost of the Munchen's hull and other equipment. On a separate policy, there is also the cost of the barges carried by the vessel.

The firm is sending Minter over today (weather permitting) not just because of the size of the payment. Their accountants told them the personal touch would save them about £10,000 in bank charges.

Back on tap

Just in time for the New Year Saudi Arabia has, I learn, removed its boycott of six subsidiaries of Whitbread and Company. Quite what Long John Distillers, one of the companies involved, can have to do with abstemious Saudi Arabia, was something of a mystery to the Whitbread's spokesman, and also to me. But it was evidently enough to have justified more than two years of fierce negotiation, about par for the course for securing removal from the Arab blacklist.

The six companies previously belonged to a U.S. corporation on the boycott list and it took that long to persuade the Saudis they were now part of a different group.

De-listing often takes much longer, and is rendered troublesome by the often mysterious reasons for blacklisting in the first place. There are wrong names among the 1,100 or so on the list, and non-existent firms. The rationale is to prevent trade with anyone whose business tends to strengthen the Israeli economy, but for some reason a firm selling ladies' underwear rubs shoulders with the film Snow White and the Seven Dwarfs—the horse is called Samson.

Screen idle

While the British film industry sinks with scarcely a whimper into the role of servicing Hollywood with special effects, a Gallic cri de coeur has hit the French bookshops. A wordy and passionate 400 pages long, *Les Malédictions du Cinema Francais* analyses a tradition rendered almost derelict, in the view of author Francis Courtade, by rampant pornography, the parasitism of television—now showing 500 films a year—and high taxation. In particular, Courtade sees the 1974 film "Emmanuelle" as the Trojan horse which, by making sex films respectable, opened the floodgates.

Courtade is not alone in his fears for the future. French film-makers recently sent an open letter to President Giscard, pointing out that in two decades sales of cinema seats had fallen from FFr 410m to FFr 175m, and that State-run television was paying the same for a 90-minute film as it demanded for one minute of advertising time.

So far the political fire brigade has not responded to such appeals, either to fairness or to France's past cinematic glories. Perhaps it is just as well. In Britain the main achievement of Harold Wilson's Working Party on the Film Industry has been, three years after it reported, to help keep the ex-Prime Minister in public circulation as chairman of the Interim Action Committee which it spawned.

Head start

It seems the Nixonian taste for an attractively-retouched head of hair has not caught on. An advertisement in a San Fransisco newspaper suggests: "If you are an ambitious young executive, you don't need us to tell you that older men are still the ones picked for the most responsible and highly-rewarded posts. So get that mature look with an undetectable wig that make you grey at the temples, slightly balding (to choice) and irresistibly distinguished."

Oil finds revive growth in Mexico

By HUGH O'SHAUGHNESSY, Latin America Correspondent

"I THINK that the U.S. will *eventually get around to* paying the price we're asking." With all the aplomb of a water seller in the desert, the Mexican minister was smiling and relaxed as he commented on the long drawn out tug o' war which has been going on about the price of the natural gas which Mexico is willing to sell to its great northern neighbour.

The discovery of oil and natural gas in huge quantities has brought to Mexico a sense of hope and self-confidence such as has not been experienced since the Spaniards in colonial times started making their fortunes out of the local silver mines. On Monday it was announced that proven reserves had doubled to 40.1bn barrels (compared with 167bn barrels in Saudi Arabia). Mexico's importance as a big new exporter of oil increases by the hour as the outlook in Iran and the rest of the Middle East stays clouded.

Until the announcement of the recent finds there were those who were prepared to write Mexico off as a hopeless case in the developing world. The dawn when Professor Walt Rostow hailed Mexico as an example of economic "take-off" had faded. The acute lack of financial resources, best illustrated by the foreign exchange crisis of 1976 and the subsequent devaluation, a faltering agricultural sector, a high birth rate, and huge unemployment made the prospects for this country of 65m people grim in the medium and long term. Sober observers of the scene two years ago were forecasting revolution and the breakdown of society within a decade as the Government became increasingly unable to deliver the benefits which its rhetoric proclaimed it was seeking for the mass of the people.

As President Jose Lopez Portillo enters upon his third year in office the prospect of tens of billions of dollars flowing into Mexico and the Government coffers has dissipated the gloom. Though the mood is far from euphoric—the sight of most of the 12m people of Mexico City living in very bad conditions indeed is a sufficient antidote to euphoria—there is a sensation that with good planning, hard work and some luck Mexico could be beating its economic problems by the 1990s.

The new mood has been helped by the fact that, in contrast with his predecessor *President Luis Echeverria, the* present head of state, is an energetic and well organised politician who does not like promising what he cannot deliver.

One of the clearest visions of the future of Mexico was set out in November at a Financial Times conference in *Mexico City when Licenciado* Jose Andres Oteyza, the minister in charge of the public sector industries, announced: "The capacity for financial self-sufficiency which the oil profits offer, allied to the right plans for their use, can allow *our economy to grow at annual* rates of 10 per cent for a relatively long period without pressure on the balance of payments or extreme inflationary effects. With this growth rate the new work force can be absorbed and hidden unemployment slowly eradicated by the 1990s, the last decade of this century. It will also allow us to double our industrial resources in the space of six or seven years."

Given the fact that Mexico no longer faces an immediate doomsday, President Lopez Portillo and his colleagues are setting about the systematic reform of the political system confident that their labours will not be in vain. The Government party, PRI or Institutional Revolutionary Party, which under one or other guises has been ruling Mexico since *the end of the revolutionary* struggles in the 1920s, is being transformed — not without a great deal of internal resistance.

From a demagogic group of politicians who were keener to maintain their own positions in the *status quo* than seek creative answers to the problems of Mexican development, the President and his able ally, the party secretary-general, Sr. Gustavo Carajal, are aiming to transform it into a genuine political party which will be sensitive and responsive to the needs of the rank and file. If their efforts are successful and new blood is pumped into the hardening arteries of the PRI, the political situation in Mexico will take a much healthier turn.

Meanwhile a debate is going on in *Mexico* about how the big new oil revenues should be spent. Should they be administered directly by the state to set up new publicly owned industries and to improve the physical and social infrastructure of the country, or should *they rather be employed to give* extra stimulus to private business through tax cuts and incentive schemes?

The first option seems to be winning as many in the Government see the bonanza as a heaven-sent opportunity to *strengthen* a state apparatus which has for long been considerably less powerful than Mexico's well developed and highly articulate private sector. Those who want a stronger public sector point to the fact that taxes are very low in Mexico and argue that any further lowering of them would make little economic sense.

Thus the state industries such as Pemex, the oil monopoly, CFE, the electricity concern, Sidermex, the steel company, and Fertimex, the fertiliser producer, will be given preference in the *development of businesses* germane to their own needs. They will be encouraged to develop new industries to provide themselves with the plant and equipment which they require for expansion.

Private business, Mexican *and foreign, will by no means* be frozen out. Industries which are supplying the hydrocarbons sector, which have good export possibilities, or which provide the staples of life for the Mexican in the street are promised tax concessions, *credit facilities and accelerated* depreciation in exchange for guarantees of production, export targets and use of locally produced components. The scheme has been called the Alliance for Production.

Blue Circle Industries, the British cement group which is a major shareholder in Tolteca, the biggest Mexican cement *producer, is the first* British company to be involved in the Alliance for Production scheme. Blue Circle is providing Tolteca *with help for a* $201m project, the largest expansion of the industry for five years. It is being financed by the International Finance Corporation and a consortium of banks including Libra, National Westminster and Midland.

Special incentives are to be given to industries outside the present overgrown population centres such as Mexico City and Monterrey. They will be offered fuels and basic petrochemicals at lower prices than in the rest of the country. Four sites, *Tampico, Coatzacoalcos, Salina Cruz,* and Lazaro Cardenas-Las Truchas, have been selected for especially favourable terms.

The Government feels that there are so many opportunities for expansion, so many plums to be pulled out of the pie, *that the old wrangle between* the public and private sector as to who shall be allowed to put in his thumb first is much less important than it was.

The self-confidence born of the fact that the Mexicans feel they can foresee years of growth of up to 12 per cent a year based on increasingly valuable hydrocarbon resources has spilled over from domestic *affairs to their foreign relations.*

For the first time since the 1840s when the U.S. was taking over Mexican lands from Texas to Oregon and California the Mexicans feel they have some aces in their hand as they play their eternal game of poker with the Colossus of the North. The U.S. manifestly needs Mexican oil and gas and the fact *that Mexico is a stable supplier* with a common frontier makes it all the more attractive at a time of turmoil in the Middle East.

Mexicans are confident, as the minister quoted above made clear, that the U.S. will soon come round to paying the price of $2.60 per 1,000 cubic feet which was agreed with six U.S. gas companies in 1977 but subsequently vetoed by the U.S. *Energy Department* which decreed that only $1.70 should be paid.

They are sure that U.S. desires for Mexican fuels will lead it to become more sensitive to the interests of Mexican immigrant workers and Mexican exporters, and of Mexican landowners whose fields have been polluted by the salinity of Colorado River.

While *expecting a good* market in the U.S. the Mexicans are also polishing up *their rather rusty notions about* how to export to other parts of the world. Deals have been signed with Japan and France, and Mexico is selling to Israel despite disagreements with the Israeli policy of selling arms to the Somoza regime in Nicaragua.

It may not be long before Mexican crudes come to Britain. The economics of the oil trade appear to make it viable for British light North Sea crudes to be sold in the U.S. and for the tankers that carry them to return to Britain with Mexican crudes. One big oil company is expecting to do such a deal early this year.

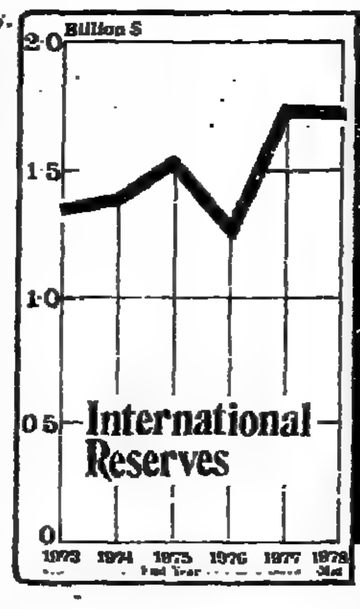
Though it has been asked *several times to join OPEC,* Mexico has refused the offer of membership. The Mexicans feel they might be embroiled in political difficulties with *Washington if they did join.* They have nevertheless assured OPEC that they will not undercut its prices, adding, however, that neither will they *necessarily go along with* OPEC moves dictated by the course of political controversy in the Middle East.

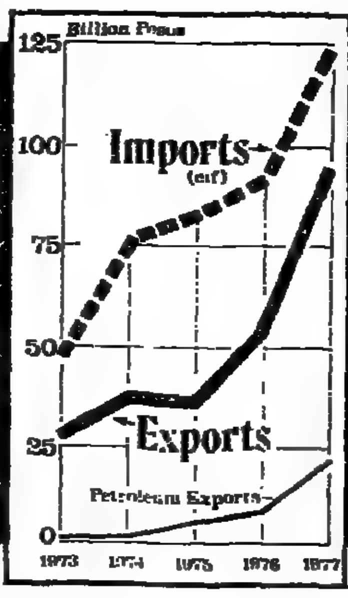
If the Arab countries were *again to think of imposing an* oil embargo on the West in protest against its Middle East policies the Mexicans would clearly not join in. Mexico would continue to supply oil but would obviously not be averse to charging the going rate for the product.

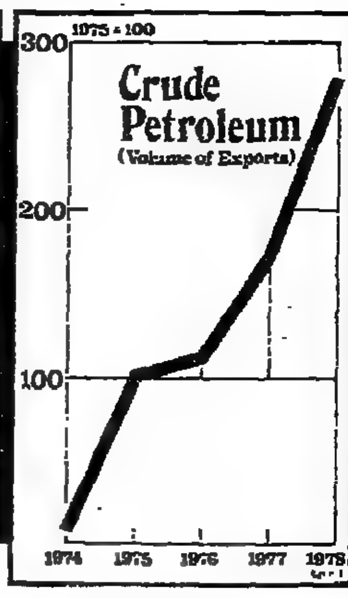
Mexico, probably represented by Sr Oteiza, will be one of the four non-OPEC countries to be represented at the meeting *scheduled to be held in London* in February between an OPEC delegation and a group of non-OPEC oil producers.

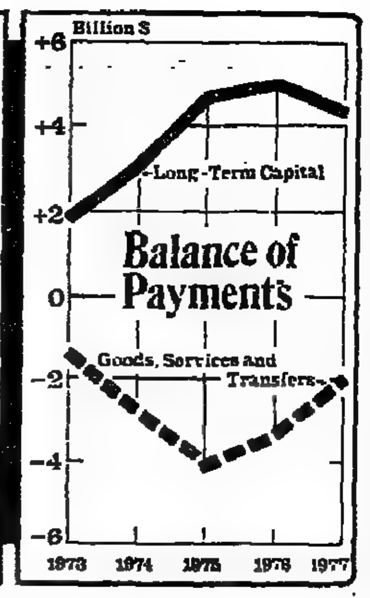
The fact that Mexico has said that it will be coming together with Britain, Norway and Canada, signifies that it wants *to explore in detail areas of* common interest and possible co-operation with OPEC. As it is the biggest exporter of the four non-OPEC participants the Mexican contribution to the debate in February will be of particular importance.

With one-third of his six-year presidential period over President Lopez Portillo says he is entering the most difficult two years as, in 1979 and 1980, Mexico will be laying the foundations for the sustained growth it hopes to enjoy in the 1980s and 1990s. But few informed Mexicans doubt that the light at the end of the tunnel is getting steadily brighter.









Letters to the Editor

Air travel in the 1980s

From Mr. D. Bruce

Sir,—Among the many admirable features of your survey devoted to airports and related services (December 21), I was quite staggered by the optimism of Michael Donne, your Aerospace Correspondent, who opened the survey by quoting forecasts of a quadrupling of the present level of 600m air passengers a year by 1990, without even a reference to his own article of December 18 entitled "Severe pilot shortage may restrict travel," let alone to any of the other constraints which I am about to mention.

Indeed, if the protagonists of the air transport industry were first to consider the implications of the future world fuel situation, then look back only five years into history, they might realise that many of the forecast new passengers will never materialise on any journey save the flights of fancy indulged in by the world's aerospace industry, to cater for which airlines and airports everywhere are falling over themselves with grandiose investment and re-equipment schemes.

One cannot deny that there is growth in the industry; but such growth as the past two years have seen is largely attributable to the decreasing, or at least stable where otherwise, real cost of air travel in this period. And as soon as world demand for fuel oil overtakes supply, as many experts are predicting for the mid-1980s, it will become virtually impossible for air travel costs to be held stable in real terms, since the increased fuel efficiency of new aircraft types now coming on stream is in the nature of a once-off advantage.

Moreover, many scheduled airlines are now running the same risk as their charter counterparts did in the early 1970s (and still do), in relying for the profit-critical 25 per cent of their load factors, on a section of the public for whom air travel is a very marginal item in their budget, ready to be dispensed with, when that budget comes under domestic pressure, say through increased *real prices for heating fuel* and petrol, inter alia. Indeed, costs apart, who will supply the wherewithal to fuel (literally) the predicted growth in traffic?

Although any percentage increase in oil prices in the 1980s could hardly, at a stroke, match that of 1973-74, the starting base is now much higher, and certain other factors have turned against the airlines in the meantime. The next oil crisis is likely to affect airlines after they are irrevocably committed to re-equipment programmes, thus they cannot again defer fleet renewal, as happened in 1974. Prices in the used aircraft market will fall heavily, placing a further squeeze on the airlines' cash position. Between the mid-1970s and the mid-1980s keen competition from fast rail services in several countries of Europe will in any case have put many short-haul operations under severe pressure.

As in 1974, then, it will be the airlines (and their bankers) who are left to carry the baby—if they insist now in chasing dubious traffic weaned on a proliferation of low fares. But what of the airports? On the premise that a passenger from, say, Manchester to Amsterdam more than doubles his use of *UK airport facilities* by interlinking in London rather than flying direct, there is obviously valuable breathing space to be gained, while the future traffic pattern becomes clearer, by pressing for direct international routes from under-used regional airports. This calls, however, for a more enlightened attitude on the part of licensing authorities than was evidenced by the handling of British Midland Airways' recent application for routes from Liverpool.

To conclude, I wish no evil upon my many friends in the air travel industry; but it would be *well if the coming year* were to bring to their predictions a healthier respect for the finite realities of the world in which they operate.

Douglas Bruce,
Three Oaks,
Ruchholzstrasse 16,
CH-4103 Bottmingen,
Switzerland.

Outlook for diesel cars

From Mr. R. Gormley

Sir,—Stuart Marshall (December 20) has done an excellent job of informing readers about European (and some U.S.) diesel car developments. He does not go nearly far enough in upbraiding the Government for completely failing to help avert the beating the UK motor industry is going to take in this market at the hands of the national makers in W. Germany, France and Italy to say nothing of the U.S. and Japanese multinationals. There is the obvious possibility that diesel penetration of new car sales in the UK *which is about 0.3 per cent* will grow to narrow the gap with comparable EEC countries, where penetration is now within a remarkably narrow band around 6 per cent, and rising fast. If that happens over the next few years, conservative assumptions about UK penetration, the prices of imported diesel cars and the like indicate an annual balance of payments loss of about £200m. Countless millions need to be added to the negative side of the scale because of lost opportunities for exports of British diesel cars.

With that figure in front of us, I have to assume that the Department of Trade, the National Enterprise Board and all the other departments set up to regulate and counsel British industry have good reasons for allowing this possibility to develop. Do they think our competitors will continue to fail adequately to supply the UK, as some recent trade correspondents have been told? Has a government report been written to establish that British car buyers are not like their counterparts on the Continent, and won't buy *foreign diesels?* Is the Government, fully in control through planning of nationalised industries, taxation policy and consultations, about to turn our coming losses to advantage at a stroke?

Recent measures indicate that Government failures in this area are in no way being corrected. The DoT discussion paper about abolition of vehicle excise duty and increased petrol tax dismisses diesel cars. No time table has been announced for deciding how the UK will tax purchase of diesel cars or diesel fuel.

In European countries, these policies have been made, and in many of them differential taxes apply right now to both purchase and use of diesel cars. The inequitable fuel tax structure has now existed for over a year. You will recall that diesel costs a few pennies more than petrol because the Liberals revolted when Mr. Healey's *budget proposals* included increased fuel tax. Precipitously, the extra tax was taken off petrol, but not diesel. Is that the way to create a framework for the devolpment of a successful British diesel car?

Richard Gormley.
56, Laleham Road, SE6.

Protecting pensions

From Mr. D. Blair

Sir,—I fear that Mr. C. Mill (Attitude Gap, December 29) has fallen headlong into not one *but two traps.*

In the first place the protection afforded by the new State earnings related pension exists whether a company pension scheme is contracted in or out. Also, for many employees the earnings related pension *will in time be anything but* meagre.

While in theory it is perfectly possible for any or all pension schemes to participate in the existing "transfer club" swap arrangements, it is apparent that Mr. Mill is unaware why private sector pension schemes have not been exactly clamouring to join. The explanation is quite simple—the club subscription is too expensive.

Both employers and employees alike are unwilling or unable to spend unlimited sums on pension provision and as with any scarce resource it is necessary to allocate priorities. Until now both have preferred to concentrate on employees (as distinct from ex-employees), pensioners, and their respective families. Some might even regard this as a not unreasonable attitude.

What needs to be clearly understood by all those climbing on to the "leavers lib" *bandwagon* is that improvements can come about only if other benefits are reduced or *if somebody foots the bill.* That pressure for such improvements exists cannot be denied but the problem is largely the result of the severe inflation of recent years and I would submit *that* the solution lies more in bringing that crippling disease under control than with the introduction of national standards for *pension transfers or the creation* of some new bureaucratic monster!

D. Blair
(Pension Fund Executive).
Debenhams Pension Trust,
1, Welbeck Street, W1.

Interest rate structures

From Colonel C. de Lisle.

Sir,—It may come as a shock to readers that when disclosure regulations, under the Consumer Credit Act, are laid *before Parliament, if passed* as set out, a likely outcome is that all mortgage repayments will be raised right across the board. Surprise; for this commendable *legislation,* the result of the Crowther Report, was designed for a totally different purpose, namely to assist the public in making informed comparison between different rate structures at the same time protecting them against a lack of, or in *some cases misleading information* in loan advertising.

The disclosure regulations are relatively straightforward: lenders, whether in advertising *or across the negotiating table,* will in future be required to provide any borrower with at least three vital loan statistics, the "charge" (the total interest engendered by the loan, plus any extra charges incurred), the "annual percentage rate of *charge*" (the true nominal rate converted to its effective equivalent and truncated to one decimal place), and the "term" (the length of time the loan runs to termination). This data should be precise, overstatement is permissible, understatement *contravenes the Act.*

Owing to long established methods of accounting technique practised by *building* societies and local government authorities in relation to mortgage repayment loans the "term" at present is never *precise and sometimes* understates the actual. A loan of £10,000, over a stated term of 25 years, at the present nominal rate of 11½ per cent pa requires *scale payments of £104.50* monthly, and if the advance is made mid-June the actual term would be fractionally under the nominal "term." But if the advance was made (say) on December 1 the actual term would be over 26 years and the nominal 25 years, if so stated would be illegal. Unless building society accounting methods are changed, calculations which are by no means detrimental to *the borrower, the only solution* to comply with the Act in the future is to lift the existing scale payments by 1+ (nominal rate/100 × 31/365), in this case making the new payments £105.50 monthly, to ensure that whenever an advance is made at no time will the nominal term ever be understated.

In the event building societies will soon be required to disclose as follows: loan £10,000, over 25 years; with a "charge of £21,650 at 12.4 A%RC (A%RC please, not "APR" for this has a totally different meaning in the States and other parts of the financial world, namely the "nominal"). The "charge" became part of the disclosure procedure as it was thought to be a useful check when the asking rate was a "flat" rate for a repayment loan, or there was a plethora of extra fees, charges, penalties etc imposed *on the borrower.* But it has little relevance to home loans, especially when the average life of such loans is around seven years.

I find it difficult to believe that the conscientious officials who drafted the Act, or the *Members who voted for it in* Parliament, ever envisaged such side effects, a rise in mortgage payments and a disclosure of a true but irrelevant charge, related to home loans, and it is perhaps not without interest to reflect that "Crowther" specifically excluded from its recommendations any mention of home loans, considering them to be outside its terms of reference. In view of this is it not too late to hope that some formula can be found to exclude home loans (only) from the disclosure procedure although I would recommend that the annual percentage rate of charge be retained.

Colonel C. de Lisle.
Rabley Park,
Ridge, Potters Bar,
Hertfordshire.

A summary of EEC finances

From Mr. J. Hood and others.

Sir,—During a recent course at *Ashridge Management College* we tried to establish the source and distribution of EEC funds throughout the nine member countries.

Although *we discovered there* is a considerable quantity of forecast information available for public research we were appalled to find that there is no summary of the EEC accounts *available.* Surely with the amount of taxpayers' money involved the public deserves the right of access to such a summary. For interest we offer the *best available summary* we were able to establish given the information and time available.

We conclude therefore from the accounts that the EEC was costing the UK taxpayer £320m in 1977 and this is likely to rise to £1bn by 1980 or over £19 per *head of population.*

We would like to ask the question on behalf of the taxpayer, has the Government an ulterior motive in not publishing a summary similar to the above?

J. H. Hood, D. H. Little, D. B. S. Munro, M. G. Hennings, T. G. McKnight, R. T. N. Tyrwhitt, and P. Morland.
Ashridge Management College,
Berkhamsted, Herts.

1977 EEC ACCOUNTS
£m

	Per head population £	Net receipts (payments)	Income total	Payments total	Agricultl. guarantee	Agric. guidance	Regional devpt.	10% refund	Social fund
Belgium	2.97	(29.2)	413.9	384.7	334.9	13.2	2.2	32.4	2.0
Denmark	68.18	334.9	138.1	473.0	447.0	10.4	4.1	8.7	2.8
Germany	9.72	(601.3)	1,914.1	1,312.8	1,125.9	63.6	22.6	98.6	2.0
France	1.63	86.2	1,076.4	1,162.6	1,018.7	38.4	29.7	45.8	30.0
Eire	78.92	246.8	20.7	267.5	245.0	8.2	9.2	2.1	5.0
Italy	0.02	(1.0)	555.2	554.2	391.9	13.2	60.7	48.4	40.0
Luxmbrg.	1.04	(0.9)	9.5	8.6	6.5	1.8	0.1	0.2	—
Nethlnds.	16.52	225.7	593.2	818.9	750.3	16.8	2.4	47.4	2.0
UK	5.72	(320.7)	657.4	336.7	146.4	27.3	48.4	65.8	47.8
		59.5	5,378.6	5,319.0	4,466.8	191.0	180.3	349.4	131.6
					87.4%	3.41%	3.5%	2.6%	

Figures are from Government sources.

A plague on both TVs

From Mr. L. Cottrell

Sir,—Your report (December 29) of the numbers who apparently preferred to watch ITV programmes on Christmas night instead of the BBC's offerings can also be construed as a condemnation of the fare provided by both channels.

If nearly half of the possible viewing audience were either not inclined to view any of the programmes or were masochistically bent on visiting relatives, then what the other half was content to accept is possibly not a true reflection of tastes or a cause for jubilation.

The little I saw on the respective channels can best be summed up by the Morecambe and Wise catchword of "Rubbish." Thank goodness we still have good radio programmes and recorded music as alternatives if indeed they are needed to entertain us or pass the time at Christmas or of course at any other time.

L. C. T. Cottrell.
Sheriffmuir, The Highlands,
East Horsley, Surrey.

Today's Events

GENERAL

Treasury announces UK official *reserves for December.*

Bank of England figures on capital issues and redemptions *during December.*

Sig. Emilio Colombo, President of the European Parliament, begins official visit to China (until January 7).

Special council meeting of Newspaper Society, representing about 260 employers, to consider developments in provincial journalists' pay dispute.

Trade day for London International Boat Show at Earls Court (open to the public from tomorrow).

Sir Kenneth Cork, Lord Mayor of London, attends formal opening of Sessions at Central Criminal Court, Old Bailey, EC4, 10.30 am: he lunches with *chairman and directors of the* Charterhouse Group, 1, Paternoster, St. Paul's, EC4, 1.15 pm.

OFFICIAL STATISTICS

Investment intentions of the manufacturing, distributive and service industries (1979 and 1980).

COMPANY RESULTS

Final dividends: Camford Engineering, Thos. W. Ward. Interim dividends: City of London Brewery and Investment, Somportex Holdings, Technology Investment Trust, Wilson Walton Engineering.

COMPANY MEETING

Epicure Holdings, Winchester House, 100, Old Broad Street, EC, 12.

SPORT

Tennis: Braniff Airways World £100,000 men's doubles championship, Olympia, London (until January 7). British Junior Court Championship, Queen's Club, London. Draw for the King's Cup (Great Britain v Hungary) starting in Sheffield tomorrow.

RHM negotiating sale of Canadian interests

AFTER A year of unsatisfactory trading there, Ranks Hovis McDougall is pulling out of Canada. It is negotiating the as elof its Canadian interests CanVin Products, its main operation in the country, and Galtuso Corporation of Montreal, a macaroni producer.

The group recently sold its business in Argentina—its only foothold in South America, following an attractive offer, Mr. Joseph Rank, the chairman, states in his annual review, published yesterday.

Apart from a sharp fall in results from the Irish Republic the group's overseas companies' performance in 1977-78 was in the main satisfactory and trading profits were again at a record level despite difficult trading conditions in a number of markets, Mr. Rank says.

For the first two months of 1978-79 results had been ahead of target with improved performance from nearly all sectors. However, as reported previously, group profits were severely affected by the national strike of bakery employees which begun on November 7. The men returned to work on December 17 after accepting, by a narrow margin, a pay offer worth a little over 14 per cent with productivity compared with their claim of 26 per cent.

In his report Mr. Rank says it is not possible at this stage to forecast the group's prospects for the current year.

It was principally due to problems in the UK bread industry in the year to September 2, 1978, that group pre-tax profits fell from £36.46m to £31.12m on weaker external sales of £1.1bn compared with £1.23bn—as reported December 6.

In the Irish Republic all sectors of the business had problems. Flour milling profits were upset by delayed and insufficient price increases allowed under the price control arrangements, and animal feed production showed a loss in an intensely competitive market. Rationalisation plans designed to improve productivity in both sectors are in hand.

Bakery profits in Ireland were also lower because of severe competition in a market with overcapacity. Measures to counter these problems are being developed.

The integration of the seven bakeries acquired from Spillers and the extra trade created by the closure of that group's other bakeries, took several months during which the RHM bakery business, which had been operatin gat a loss for most of the year, was moved on to a more satisfactory economic base, Mr. Rank says.

On current cost basis along the Hyde Guidelines, profit is cut to £16.3m by additional depreciation of £14.7m and extra costs of sales of £7.9m less a gearing adjustment of £7.8m.

At year end net liquid funds were down £7.24m (up £7.03m) with bank overdrafts marginally down at £7.55m (£7.67m). Capital spending commitments amounted to £26.5m (£45m) of which £14.5m (£36m) had been authorised but not contracted.

The net total dividend is 3.42p (3.288p) per 25p share after an unchanged final of 1.968p.

Meeting, Royal Festival Hall, SE, on January 25 at noon.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Final:—Camford Engineering.

FUTURE DATES

Interims:—	
Hogg Robinson	Jan. 8
Hollas Group	Jan. 10
Midland Trust	Jan. 29
Wigfall (Henry)	Jan. 10
Finals:—	
Lincroft Kilgour	Jan. 18
M and G Dual Trust	Jan. 10
Stakis (Reo)	Jan. 8

Swiss refinancing by ICI

Imperial Chemical Industries is to refinance a major portion of its outstanding bonds in the Swiss capital markets with the aim of obtaining lower interest rates and longer maturities on its Swiss debt.

The total value of the four bonds to be redeemed early is SwFr 230m (£70m). ICI plans to offer existing holders the entitlement to exchange their bonds for a new SwFr230m replacement issue to be floated later this month.

The bonds in question, all to be retired during the course of this year, are the ICI Ltd 4¾ per cent 1964-82 issue, to be redeemed on July 31, at a price of 100 per cent; 5¾ per cent 1966-1981, to be redeemed on July 15 at 100 per cent; and 6¾ per cent 1970-85 to be redeemed on April 15 at 101 per cent.

In addition, the ICI International Finance 6 per cent bonds 1973-88 will be redeemed on April 1 at 102 per cent.

The new flotation should carry a coupon of below 4 per cent—terms now generally being enjoyed by both prime-rated foreign and domestic issuers in the Swiss market.

In addition, a typical maturity in the Swiss market at present can range up to 10 to 15 years.

The current favourable terms on the Swiss market—largely reflecting the strong international standing of the franc—give ICI the opportunity to reduce the all-in costs of its Swiss debt, although the company ultimately faces sharp foreign exchange repayment risks on Swiss debt from its sterling operating base.

While ICI has no matching Swiss franc assets, it does have assets denominated in Deutschemarks and guilders. These are regarded as giving the company some insulation against Swiss risk.

ICI is still reflecting two other Swiss bonds totalling SwFr 180m. One was issued at 4¾ per cent in mid-1978, and thus reflects the type of low interest conditions prevailing in Switzerland in the last year.

See Lex

BONUS DECLARATIONS

Big increase in Norwich Union terminal bonuses

A SUBSTANTIAL improvement in the scale of terminal bonuses, payable on death or maturity claims, is announced by Norwich Union Insurance. But the company has declared an unchanged reversionary bonus rate for 1978.

The terminal bonus rate depends on the year in which the with-profit policy was effected, or became a with-profits contract, and is quoted as a percentage of the sum assured (the basic death cover). The new scale, with the previous scale in brackets, is as follows:—

Year of entry 1973 £30 per £1,000 sum assured (nil), 1970—£120 (£40), 1960—£440 (£295), 1950—£860 (£650), 1940—£1,130 (£850) and 1932 or earlier £1,250 (£920).

The reversionary bonus rate on the current compound bonus policies remains at £41 per mille of sum assured and attaching bonuses for ordinary life contracts and £49 per mille for approved individual pension policies.

The NU, unlike many other life companies, has given much more prominence to the terminal bonus in the overall amount paid on maturity. The terminal bonus system appears to have been integrated with the reversionary bonus as part of an overall bonus system, rather than merely reflect changed in capital values of the duration of a life policy.

Equity and Law Life Assurance Society has introduced a new system of terminal bonus designed to give a fairer distribution to maturing policyholders. The new rates will depend on the year of entry as a with-profit contract, varying from 7 per cent of the sum assured and attaching bonuses for entry year 1970 to 28 per cent for 1950 or earlier. The previous system was a flat 15 per cent of attaching bonuses. The new system will result in substantially higher amounts being paid on policies maturing this year.

The company, however, is keeping the reversionary bonus rate for 1978 on ordinary life policies unchanged at 4 per cent of the sum assured and attaching bonuses. But the rate on individual with-profit pension contracts is lifted to 4 per cent compound from £3.65 per cent. The vesting bonus on these contracts is also lifted to 20 per cent from 15 per cent.

Bonus rates for group pension contracts for 1978 have been lifted by 50 p per cent from those of a year ago. The cash bonuses on these policies is now £5.75 per cent of the premiums paid for equity policies and £3.50 per cent on the profit-sharing plans.

Sun Life Assurance, in consionary bonus rate for 1978 on its main class of with-profits ordinary life contracts. This stays at £4.30 per cent of the sum assured and attaching bonuses, but the company doubled the terminal bonus rate, payable on death and maturity claims, to 10 per cent of attaching bonuses.

A slight adjustment has been made to the bonus rate on the flexible endowment Ten Plus Plans. The rate for 1978 is £3.85 per cent of the sum assured and £5.15 per cent of attaching bonuses compared with £3.80 and £5.20 per cent previously. This change gives an extra bonus to the shorter term contracts, and since this scheme has only been running for a few years, all policies benefit immediately.

On individual pension arrangements for both the self-employed and executives, the reversionary bonus rate is lifted to £4.60 per cent of the basic pension plus bonus additions from £4.40 per cent. Improved bonus rates have been made to group pension contracts.

On the company's simple bonus series, which is closed to new business, the reversiinary bonus rate—in line with other life companies—has been lifted to £5 per cent of the sum assured, from £4.75 per cent, for whole life contracts and to £4.50 per cent, from £4.25 per cent, for endowment assurances. The terminal bonus rate on these contracts is maintained at 25 per cent of attaching bonuses.

Higher rates of interim bonus are to be paid by the Scottish Widows' Fund and Life Assurance Society for this year, the second year of the current triennium. For ordinary with-profits policies and certain pension contracts not in the pension business fund, the new rate is lifted to £4.70 per cent of the basic bneefit and attaching bonuses from £4.55 per cent. On Pegasus and personal pension with-profit policies and other pension contracts in the pension fund, the rate is £5.50 per cent compound, compared with £5.25 per cent.

The terminal bonus rate scale, applicable to claims over the next six months, remains unchanged, varying from £1 per cent of the basic benefit and attaching bonuses for contracts effected in 1972 to £43 per cent for those taken out in 1937 or earlier.

The company has also improved the vesting bonuses paid on annual premium personal pension policies taken out before 1975.

NEW LIFE BUSINESS

SPI ordinary income up

The Scottish Provident Institution, also benefited from a strong mortgage market last year. Its sales of low cost endowment contracts doubled in 1978 and resulted in annual premiums on Ordinary business rising by 18 per cent to £5.37m from £4.54m. There was also a steady demand for self-employed pension contracts and flexible endowments. Pension scheme business, in common with other life companies, moved ahead strongly, with new annual premiums 41 per cent higher at £6.83m against £4.84m.

Single premiums last year also advanced steadily, rising by 15 per cent to £6.35m from £.52m. Most of this growth came from the purchase of annuity contracts. New sums assured amounted to £480m against £379m, and new annuities to £29.6m per annum against £21.9m.

A SUCCESSFUL year in 1978 is reported by Albany Life, a linked-life company and the UK subsidiary of American General Insurance. New annul premiums last year were 71 per cent higher at £2.77m, compared with £1.62m. Single premiums in 1978 were 53 per cent higher at £9.34m, against £6.12m.

The company's main success on annual premium business came from its two pension contracts for the self-employed and for directors and executives. Sales in these two sectors were well ahead of the previous year. Self-employed contracts now account for 36 per cent of annual premium business and executive pension plans another 28 per cent. Bu tthe company also recorded steady growth in sales of basic regular savings plans.

On the single premium side, Albany reports continued steady sales of guaranteed income bonds, which accounted for £1.2m. A further £2m was received under the Pets Plan—a tax avings scheme that was discontinued after the 1978 Budget proposals. The company found a steady demand for bonds based on its equity fund, its international fund and its property fund, which started last year.

Net new annual premiums written in 1978 by The Mercantile and General Reinsurance Company, a company within the Prudential Corporation organisation, rose by 16 per cent to £12.4m from £10.7m in respect of life business and by 79 per cent to £4.25m from £2.37m on long term sickness and accident business. But new single premiums on life business fell 25 per cent to £10.6m from £14.14m. Net new sums assured amounted to £2.5bn, against £2.06bn in 1977.

The new sums assured and annual premiums were an all-time record for the group. More than 50 per cent of its business comes from overseas.

Yearlings' rate opens strongly

The coupon rate for the first round of local authority bonds in 1979 is 12 per cent, a significant increase on the pre-Christmas rate of 11¾ per cent and well above last year's opening figure of 7¼ per cent.

The bonds are issued at par and mature on January 9, 1980.

The issues are: Inverness District Council (£250,000), Midlothian District Council (£250,000), City of Durham (£250,000), Borough of Scunthorpe (£500,000), Kennet District Council (£250,000), Ynys Mon-Isle of Anglesey Borough Council (£250,000), Chorley Borough Council (£250,000), London Borough of Hammersmith (£500,000), London Borough of Wandsworth (£1m), Kirklees Metropolitan Borough Council (£250,000), Tweeddale District Council (£250,000), Borough of Chesterfield (£250,000), City of Dundee District Council (£500,000), Metropolitan Borough of Sandwell (£500,000), West Wiltshire District Council (£500,000), London Borough of Barnet (£1m), Erewash Borough Council (£500,000), Forest Heath District Council (£500,000), Greater Manchester Passenger Transport Executive (£500,000), London Borough of Greenwich (£1m), Kirklees Metropolitan District Council (£250,000), Woodspring District Council (£250,000).

The West Somerset District Council has raised £500,000 with an issue of 12¾ per cent bonds that mature on December 30, 1981.

MINING NEWS

Canadian mine tax hopes

BY KENNETH MARSTON, MINING EDITOR

IN RECENT years Canada's often ill-considered taxation policies for her mines have been largely responsible for stifling the growth of the industry there. For example, such measures have included royalty payments based on the levels of metal prices alone without regard to operating costs.

From 1969 to 1975 the total tax rate on mining (including royalties) advanced by some 102 per cent despite a general trend in corporate fiscal policy towards tax moderation. However, hopes of a more enlightened tax approach now emerge from the report of a federal-provincial review of resource taxation which has been undertaken by finance and resource ministers from the two senior levels of government.

According to Mr. M. A. Upham, president of the Mining Association of Canada, "the successful implementation of the recommendations for Government action will have considerable influence on the future course of mining in Canada."

Three of the report's recommendations are considered especially significant. They are: a requirement for stability and certainty in the tax system; recognition in the tax system of the cyclical nature of the mining industry; and recognition that the level of tax should be acceptable to achieve an adequate level of capital investment, growth and development."

Not all the content of the report has met with industry approval. Criticism has been levelled at the report's suggestion that the mining industry "does not face overall tax burdens that are out of line with those in other industries." Mr. Upham has commented that taxes on mining are more than 25 per cent above the tax on manufacturing.

But overall the mining industry has welcomed the report. Specific action arising from it has started with the November 16 federal budget with an increased investment tax credit

Miller out of Oaky Creek coal project

THE AUSTRALIAN shipping, coal and hotel group R. W. Miller has quit the A$200m (£112m) Oaky Creek coal mining project in North Queensland only 18 months after buying its 20 per cent stake and only 24 months before the first shipment is due to be made, reports our Sydney correspondent.

The other partner in the project, the U.S.-backed Houston Oil and Minerals Australia, has announced that it will acquire Miller's stake—subject to Government approvals—for an undisclosed sum.

However, it is known that the company is negotiating with other local parties to fill the void left by R. W. Miller and to eventually sell Australian interests 50 per cent of the project and so meet Federal Government foreign guidelines.

Commenting on the equity reshuffle, Houston said R. W. Miller had decided to offload its 20 per cent interest because of differences over the timing of the coal mine's development.

Although contracts for the 420m tonnes of coking coal are still to be found, Houston plans to commence initial shipments at the end of 1980. It is committed to spending A$80m on the project before this date under an agreement with the Queensland Government.

هكذا من الأصل

هكذا من الأصل

BIDS and DEALS

Armstrong paying £1.4m for Anglo-Swiss Hldgs.

BY ANDREW TAYLOR

ARMSTRONG EQUIPMENT, the automotive products and industrial fasteners concern, has agreed to buy loss-making Anglo-Swiss Holdings in a £1.4m deal.

Anglo, which generates around half its turnover from screws and fasteners, made losses totalling £400,000 in the three years to December 31, 1977. However, Mr. Harry Hooper, Armstrong's chairman and managing director, says he expects Anglo-Swiss to be making profits by the end of 1979.

He said: "We have had a good deal of experience of turning companies around. Crane Screw was earnings profits of £30,000 when we bought it and within a year it was producing annual profits of £500,000. We are well down the road to doing a similar job with Cornercroft which we bought six months ago."

Armstrong is bidding 54p cash for each Anglo-Swiss share—or five of its own shares for every six Anglo shares. It has already purchased a 44 per cent stake in the company from the Anglo directors and other shareholders.

Losses at Anglo-Swiss have largely been the result of problems at its screw making company and group pre-tax losses during the first half of 1978 rose to £87,000.

Anglo-Swiss had planned a "drastic reshaping" of its screw-making activities involving major redundancies. Mr. Hooper said he did not know how far this rationalisation programme had gone but Armstrong would want to take a close look at this business before taking decisions on further moves.

Armstrong's offer of 54p a share compares with Anglo's suspension price of 29p but Mr. Hooper said that the offer was at a substantial discount to Anglo's net asset value of around 92p a share. Anglo's share price closed last night at 60p, while Armstrong's shares rose 1p to 66p.

Anglo's other business interests include industrial pressings and badge making. Armstrong which generated pre-tax profits of £8.67m in the year to July 2, 1978, has been advised by Lazard Brothers and Anglo-Swiss by Barclays Merchant Bank.

TEBBITT ACQUIRES SAFEECASTLE

The Tebbitt Group has acquired Safecastle, a holding company for Heyman Construction which specialises in the design and fabrication of steel structures.

The consideration is £344,720, of which £104,720 is in cash and the balance an issue to Mr. M. A. C. Buckley ("the vendor") of 2,400,000 ordinary shares of 10p each. The shares represent 25 per cent of the enlarged issued share capital of Tebbitt.

Arrangements have been made with Tebbitt's stockbrokers Rowe Rudd and Co. to place these shares at par with its non-discretionary investment clients.

Heyman made a net loss before tax for its last audited financial year to December 31, 1977 of £25,065.

The vendor has warranted that Heyman will produce net pre-tax profits of not less than £150,000 for the year to December 31, 1978, and that Safecastle's consolidated balance sheet at that date will show net tangible assets, before deduction of deferred tax, of not less than £245,000.

To the extent that either or both of the profits or net tangible assets are less than the warranted amount the total consideration is to be refunded by the amount of the larger shortfall.

EMI BUYS TICKET EQUIPMENT

EMI announces the acquisition of Ticket Equipment, a manufacturer of access control turnstiles, fare collection systems and ticketing equipment. The total consideration is £465,000 to be satisfied by the issue of some 349,000 EMI shares which are being placed for cash.

Ticket Equipment employs some 130 people at its factory in Cirencester, Gloucestershire. The business will become part of EMI's industrial electronics operations and will provide the base for expanding EMI activities relating to its secure magnetics "watermark" technology through the development and manufacture of associated electronic ticketing and control systems.

SECURICOR BUYS MINT SECURITY

Agreement has been reached for the sale by The Birmingham Mint of its wholly-owned subsidiary Mint Security to Security Services, the quoted subsidiary of Securicor Group.

Consideration for the capital of Mint Security is £100 cash and Security Services has also agreed to introduce some £635,000 by way of loan into Mint Security to enable that company to repay loans due to The Birmingham Mint.

The amount of loans to be repaid will be determined on the basis of accounts to be drawn up following completion of the transaction on January 8. A major part of the capital being injected by Security Services will be represented by tangible assets.

Security Services has also agreed to purchase from The Birmingham Mint certain fixtures and equipment used in the security business for £125,000 cash.

Audited accounts for Mint Security showed a loss before tax of £268,654 on a turnover of £745,673 for the year ended April 1, 1978, after providing £83,371 in respect of an insurance claim, subject to litigation any ultimate benefit of which will be payable to The Birmingham Mint. Current unaudited management accounts disclose turnover running at an annual rate in excess of £1.5m with a considerable reduction in trading losses.

The cash received by Birmingham Mint from the disposal will be used to reduce its borrowings, to invest in new plant for its manufacturing businesses, and to make suitable acquisitions when opportunities arise.

EDINBURGH AND GEN.

A large tranche of shares has been sold in Edinburgh and General Investments, the investment and insurance concern. At the same time Mr. Graham Ferguson Lacey's private investment vehicle Birmingham and Midlands Counties Trust has acquired 475,000 shares in Edinburgh and General bringing its total holding to 1.05m shares, or 29.85 per cent of the equity.

The disposals have been made by Mr. R. D. Lapham, a director of the company, and Rama Investors, and took place on December 21. Rama, a Delaware limited partnership, sold 475,000 shares. It now holds 395,000 shares (11.23 per cent).

The City Takeover Panel is satisfied that Mr. Lapham and Mr. Ferguson Lacey were not acting in concert.

BTR PURCHASE

BTR's aerospace subsidiary, Palmer Aero Products, has completed the purchase from Plessey Aerospace of its precision fabrication unit which manufactures metal flexible hose and bellows for aircraft.

The business, previously at Plessey's Titchfield plant, is being relocated in Palmer Aero's operations at St. John's Wood, London.

Thos. W. Ward to retain Tunnel stake

Thomas W. Ward is to retain its 29.6 per cent stake in Tunnel Holdings despite having failed to block Tunnel's £10.5m purchase of Barrow Hepburn's chemical division.

Mr. Peter Frost, Ward's chairman, said yesterday: "We acquired the Tunnel stake because of the group's strong cement interests. It still has these and we see no reason at this stage to dispose of our holding in Tunnel."

At the end of last month Thomas Ward voted against the Barrow Hepturn deal but failed to block the purchase with the bulk of the remaining Tunnel shareholders in favour of the acquisition.

Mr. Frost said: "We thought it inappropriate for the company to make this investment but we are still happy with our stake in Tunnel.

Meanwhile Thomas Ward is due to announce today its results for the year ending September 30, 1978. At the half-year the group showed pre-tax profits of £4.7m, compared with the £3.3m earned in the same period in 1976-77.

BARRATT

Further to the announcement made by Barratt Developments (Hull) on December 8 regarding the acquisition by that company of E. Barker, Barratt Developments advises that the total consideration was £617,500. This information was accidentally omitted from the original announcement.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-818 8212)
281 Greenwich High Road, Greenwich SE10 8NL.
*Deposit Rate 8.45%. Share Accounts 8.10%. Sub'on. Shares 9.25%. Term Shares 2 yrs. 8.85%, 3 yrs. 9.10%. Interest paid quarterly on shares/term shares. Monthly Income Shares 8.10%.

LONDON GOLDHAWK
(01-995 8321)
15/17 Chiswick High Road, London W4 2NG.
Sub'on Shares 9.75%. Deposit Rate 7.75%.
Share Accounts 8.50%.
Term Shares 9.50%. 3 yrs.; 9.25%. 2 yrs.; 9.00%. 1 yr.; 9.00%, 3 months' notice.

هكذا من الأصل

INTERNATIONAL COMPANIES and FINANCE

MacMillan shares rise on hopes for CPI offer

BY ROBERT GIBBENS IN MONTREAL

SHARES OF MacMillan Bloedel, Canada's largest forest products company, reopened in the stock market yesterday morning at C$26, up just over C$4 from a week ago, when trading was halted by the Securities Commission.

This movement in the share price was taken as a sign that there is a strong possibility that Canadian Pacific Investments (CPI), the non-transportation arm of Canadian Pacific Group may persist in its C$28 a share offer for enough MacMillan stock to bring its total holdings to 51 per cent or more.

CPI already owns 13.4 per cent of MacMillan and has two Boardroom seats. The chairman of CPI, Mr. Ian Sinclair, is due to meet the Premier of British Columbia Province, Mr. William Bennett tomorrow to discuss the implications of the CPI bid and of Mr. Bennett's stated objections. The Government feels that MacMillan should be operated in the interest of the Province and that the head office must remain in Vancouver.

Industry sources say that there are certain technical moves Mr. Bennett can take if he wants to block the CPI takeover of full control of MacMillan, such as refusing transfer of tree farming licences where there is change of ownership, but they expect more subtle forms of pressure.

CPI will argue that it is a western-oriented company.

Two of its major subsidiaries are headquartered there, and it will undertake to keep MacMillan in Vancouver. Close integration with its central Canada pulp and paper subsidiary, Great Lakes Paper, would not be necessary, since their markets are very different. Domtar stock reopened this morning around C$25, up one quarter point. Domtar has withdrawn its stock and cash bid for control of MacMillan and MacMillan has also dropped its cash counterbid for control of Domtar.

Mr. Eric Hamilton, the chairman of Domtar is still due to meet Mr. Bennett on Thursday, however.

Rival bid for Columbia Pictures

BY DAVID LASCELLES IN NEW YORK

COLUMBIA PICTURES was yesterday presented with an offer by General Cinema, a Boston-based entertainment company, to purchase about 20 per cent of its shares. The offer competes with a similar one made last year by Mr. Kirk Kerkorian, owner of MGM, and approved, though not completed, in December.

General Cinema said it would offer "in excess" of the $24 a share being put up by Mr. Kerkorian, but would only proceed, if the deal could be done on a friendly basis. The company refused to elaborate further.

This sudden approach evidently caught Columbia by surprise. The company had no immediate comment to make, though it might put out a statement later.

General Cinema, which said it already owns about 4.6 per cent of Columbia's stock, is the country's largest cinema chain operator, with about 800 cinemas. It is also a major bottler of soft drinks like Pepsi Cola and Seven Up.

Its revenues last year were $465.1m with earnings totalling $20.2m. The announcement today gave no reason for its interest in Columbia shares, but such a stake would mark a logical expansion into a related industry.

General Cinema's move comes at the last possible minute. Only three weeks ago Columbia's Board gave final approval to the Kerkorian offer, which was described as being for investment purposes.

Mr. Kerkorian's tender began shortly afterwards, and is due to end on January 16, unless extended.

Columbia shares, which traded at $32⅜ on the Kerkorian offer, were suspended on the New York Stock Exchange yesterday.

RESTRICTIVE PRACTICES IN SOUTH AFRICA

New set of teeth for monopolies watchdog

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH AFRICAN Government is currently circulating the final draft of a wide-ranging Parliamentary Bill which it hopes will provide the framework for effective and streamlined machinery to police corporate mergers, acquisitions and restrictive business practices.

No one in South Africa disputes the need for new legislation to control business excesses. A small local market, relatively sophisticated trading practices and a notoriously swashbuckling business community have made South Africa a fertile breeding ground for monopolies and other restrictive practices.

Many important sectors, including mining, steel, petrochemicals, brewing and the distribution of farm produce, are dominated by a handful of companies and public corporations.

But the present Monopolistic Conditions Act, passed more than 20 years ago, has proved totally inadequate in its aim of promoting fair competition.

For instance, the Board of Trade and Industries cannot investigate an alleged monopolistic practice unless it is authorised to do so by the Minister of Economic Affairs. A series of bureaucratic procedures then has to be followed before any action can be taken, and the maximum fine for restricting competition is a mere R20,000 ($23,000).

Only 18 investigations have been undertaken in 21 years, and each has taken an average of over two years to complete.

The Mouton Commission on Monopolistic Conditions, on whose proposals the new legislation is based, concluded in 1977 that except for four successful prosecutions against companies practising resale price maintenance, "very little happened (since 1955) in regard to the administration of the (present) Act to influence the behaviour of the business community or to instil great respect for the legislation intended to promote competition."

The trouble is that organised commerce, industry and mining has serious doubts about whether the proposed new legislation, the Maintenance and Promotion of Competition Bill, will command greater respect than the present one.

Certainly, it corrects some of the glaring faults of the 1955 act. A new competition Board, charged with the investigation of restrictive business practices and the issuing of guidelines on the Government's merger and takeover policies, will be able to initiate its own investigations.

These can also cover the affairs of the para-statals such as the railways and the state steel producer Iscor, which in recent years have come under increasingly heavy fire for using their financial and purchasing power to the detriment of smaller, private companies.

The new law will also have a sharper bite than the present one. The Minister will be able to order the dissolution of any company and the termination of any business agreement. He will be able to suspend customs duties and declare unlawful any trading practice, either generally or in one particular area. Maximum penalty for contravention of the Act will be R100,000, although this is still too low in the opinion of some observers.

On one crucial respect, however, the new Bill strikes a radically new direction in the principles governing the concentration of economic power in South Africa.

> The proposed legislation strikes a radically new direction in the principles governing the concentration of economic power in South Africa in that it allows the authorities to investigate potential restrictive practices as well as actual cases.

It enables the Competition Board to look into any restrictive practice, merger or acquisition even before it takes place. If it is satisfied that the proposed action is not "in the public interest," the Board may recommend that the Minister prohibit the merger, takeover or practice.

The business community has strongly criticised this provision. Firstly in points out that a cornerstone of anti-monopoly policy in the past has been the principle that concentrations of economic power are not bad "per se," and should only be condemned if they abuse their power. A judgment of this kind can only be made after the monopoly or oligopoly comes into being.

This objection is partly met by a provision in the Bill enabling the parties to a proposed merger or takeover to approach the Board for its approval before the deal is finalised.

The second criticism is a more serious one. South African business operates in a politically-charged environment, and the Government has blocked or threatened to block several major deals in the past decade, apparently on political, rather than commercial grounds.

In 1968 the authorities threatened to pass special legislation prohibiting a merger between the two English-language newspaper companies, Argus and SA Associated Newspapers. It is also widely suspected that the real reason for the Government's refusal last year to allow the national steelmaker, Iscor, to sell its stake in Samancor, the biggest manganese producer in the Western world, was that the highest bid had come from the English — and opposition-oriented — Anglo-American Corporation.

Giving the Competition Board the power to vet mergers in advance could increase the temptation to evaluate deals on their political as well as economic merits, especially since the only criterion by which they need be judged is the undefined one of "the public interest."

Critics also point to the wide powers given to the Minister of Economic Affairs, who has a veto over almost all the Competition Board's activities. Advance clearance of takeovers can only be given with his consent, and he can set aside or modify any arrangement between the Board and the party concerned to discontinue a restrictive trade practice.

Equally ominous is the provision which allows the Minister to thwart any investigation into a monopolistic practice if he thinks the probe is not in the public interest. The motive is, ostensibly, to prevent prying into the activities of "sensitive" bodies such as the Armaments Development Corporation and the Atomic Energy Board, but many experts worry that the Minister's power could be abused to protect non-strategic business operations whose backers are sufficiently influential to muster political support in Pretoria.

The Government has indicated the Monopolies Bill is unlikely to be passed by Parliament before the middle of next year.

Two U.S. groups pay Puerto Rican taxes

SAN JUAN—Two U.S.-owned pharmaceutical companies operating in Puerto Rico will repatriate almost $300m in accumulated earnings to their parent companies as a result of a new industrial tax-exemption programme approved here recently.

Eli Lilly and Johnson and Johnson, which have 15 plants scattered throughout the island, are the first companies to accept the terms of a new partial tax-exemption programme although they were tax-free corporations under an old law government, the Governor, Mr. Carlos Romero Barcelo, said.

The new incentives package has come under bitter attack by opposition leaders who claim that industrialists will not invest here unless companies are tax free. Mr. Romero Barcelo said at a news conference that "that myth has been broken."

The decision by Eli Lilly and Johnson and Johnson to begin paying state taxes also allows them to repatriate their earnings under a lower toll-gate tax, the toll-gate tax was reduced to 4 per cent from 7 per cent.

Sources close to the Government said that the companies have more than $400m in accumulated earnings that will probably be repatriated to the U.S. in the next few years. Eli Lilly has about $270m while Johnson and Johnson has $140m.

Eli Lilly is expected to repatriate $211m and Johnson and Johnson will repatriate at least $61m by June 30, 1979.

AP-DJ

EUROBONDS

Dollar issues ease

By Our Euromarkets Staff

TRADING IN the international bond markets for the New Year started slowly, although the dollar sector showed some easiness in line with the weaker American currency in foreign exchange markets yesterday.

The only scheduled dollar offering remains a $100m five-year floating rate note from the Mexican oil agency, Pemex, with semi-annual interest at the higher of either a quarter point over six-month interbank rates or 7 per cent.

Meanwhile, Standard Chartered Merchant Bank is establishing an international bond division which will serve the whole Standard Chartered Banking Group. The division will be formed by Mr. Claude Kauffmann, who has resigned as a vice-president of Wood Gundy, where he was in charge of the Canadian brokerage firm's London Eurobond operations.

● Morgan Stanley International confirmed in London yesterday that two of its senior Eurobond trading staff "were no longer" with the U.S. investment bank. They are Mr. John Langton and Mr. Kenneth Stone.

While the departues reduce Morgan Stanley's trading desk, the bank will continue to be conducting business as usual.

It is understood that the departures are the result of a difference of emphasis within the bank vis-a-vis its expanding bond business with institutional clientele, and the more traditional retail -orientated professional market trading.

Continental Airlines

Continental Airlines has no plans to cease operations or sell or lease its fleet if its pending merger with Western Air Lines is disapproved, Reuter reports from Los Angeles. The Company said it was responding to recent reports that it might end or change its current operations.

A.T. & T. profits for 1978 face Federal scrutiny

WASHINGTON — The U.S. Council on Wage and Price Stability is to take a look at American Telephone and Telegraph Company's profits, which the Federal Communications Commission staff says appear to be unlawfully high.

The council said that when its utilities expert returns next week, he will study the problem. It also said that electric utilities, which have been another surce of "trouble," will be scrutinised.

The Council's decision to study AT&T's profits follows discussions with representatives from the National Citizens' Committee for Broadcasting, a citizens' group whose chairman is consumer advocate Mr. Ralph Nadar. In a letter to the Council's chairman, Mr. Alfred Kahn, and President Carter, seeking Council intervention, the group noted that Mr. Jay Solomon, head of the General Services Administration, the Government's procurement arm, has asked the FCC to order a rate reduction of $600m.

The Council will be reviewing AT&T's profits as part of its review of major companies, which have been asked to file financial information with the Council by February 15 so that price and wage boosts can be monitored.

The FCC staff last week said that for the nine-month period ended September 30, AT&T's rate of return exceeded the rate allowed by the FCC, and it asked the company to justify its rates. The company contends that its rates are lawful.

AP-DJ

$125m bank loan for Hongkong Land

BY PHILIP BOWRING IN HONG KONG

HONGKONG Land Company has arranged a HK$600m ($125m) loan, the largest local currency syndicated bank loan ever arranged in the colony.

Significantly, neither the Honk Kong and Shanghai Banking Corporation, nor the Chartered Bank, which is normally regarded as Hong Kong's second biggest bank are involved. The loan is essentially to pay for Gammon House, a large office building in central Hong Kong which Hong Kong Land recently bought for HK$715m.

The syndicated loan is interesting from several viewpoints, and it comes only a matter of weeks after a HK$600m rights issue in unsecured loan stock with warrants.

warrants. The lead manager is Asia Pacific Capital Corporation, a Citibank subsidiary. Co-managers include subsidiaries of Chase Manmattan, Chemical Bank and Lloyds Bank.

The loan is for seven years. Two-thirds of it will be at 1.5 percentage points over the three-month Hong Kong dollar inter-bank rate, or 1 per cent over local prime rate, whichever is the higher. The remainder of the loan will be at 1.75 percentage points over prime rate.

The banks' option of prime or inter-bank rates is reflective of the fact that the main banks in the syndicate have only modest Hong Kong dollar deposit bases. They will be relying to fund the loan on the inter-bank market, to which the main suppliers of funds are locally incorporated banks, presently the Hong Kong and Shanghai Bank.

Recently, foreign banks which rely for their funding on the inter-banks market have been badly squeezed by the high cost of inter-bank funds relative to prime rate. The foreign banks also have a high proportion of prime customers.

Despite three increases in the past six weeks in prime rate it is still significantly below the inter-bank rate. Currently, prime in Hong Kong is 9.5 per cent and the three-month inter-bank rate about 12 per cent.

Foreign institutions have clearly reacted aggressively to the squeeze put on them by the local banks by coming up with this funding offer for Hongkong Land, and side-stepping the prime rate versus inter-bank problem. However, analysts suggest that the Land Company's readiness to accept the higher of prime or inter-bank as the basis for calculating rates suggests that it did not have any great bargaining power.

Norwegian refinery to expand

BY FAY GJESTER IN NORWAY

FACILITIES FOR the production of propane and butane are to be added to a west Norwegian oil refinery at a cost of about NKr 80m ($16m). The refinery, Norway's newest, is owned by Rafinor, a partnership between Norsk Hydro, Statoil, the state oil company, and Norol, the state-dominated oil refining and marketing firm.

The new unit, on which work will start next month, is scheduled to go on stream in summer 1980. It will produce a total of 35,000 tons of butane and propane annually, using as feedstock only waste gases from the refinery's other production. No additional input of crude oil will be needed.

A spokesman for Norol stressed the energy-saving aspect of the new facilities, which would turn out saleable products from gases now either flared or burned in the refinery's heating plant. Norol already supplies a large share of the growing Norwegian market for propane and butane, but has to date been obliged to import both products. When the new unit comes on stream, some of its output might even be available for export.

Norol will market 70 per cent of the butane and propane produced by Rafinor. Its own stake in the plant is 40 per cent, and in addition it will market Statoil's 30 per cent share.

Norwegian butane and propane consumption in 1977 totalled 35,000 tons. Industry used 9,000 tons of butane and 24,000 tons of propane, and some 2,000 tons of propane was used

Dutch insurance group expects higher growth

BY OUR FINANCIAL STAFF

GROWTH in net profits of at least a tenth was forecast yesterday by Nationale Nederlanden, the largest insurance company in Holland.

Group revenue increased by roughly 8 per cent to about Fls. 5,800m ($2,944m) having moved up by 12 per cent in 1977. The lower growth rate is the result of the appreciation of the guilder and the moderation in wage increases in the Netherlands which also affects the premium income from pension contracts.

During the year the contribution of Nationale's international activities to revenue remained unchanged at 36 per cent. New life business written remained virtually the same at some Fls 17,000m and the total sum insured with the group's life insurance companies rose from Fl 83,500m to Fl 91,000m.

● Sales of the Ahold food chain rose by 21.1 per cent to Fl5.01bn in 1978. Within this figure the U.S. food stores group Bi-Lo, acquired in August 1977, rose to $460m from $400m in 1977.

RESULTS IN BRIEF

Dresser's earnings increase

NEW YORK — The major oil, gas and chemicals group, Dresser Industries, had net income of $66.2m or $1.70 a share for the fourth quarter ended October 31 compared with $61.6m or $1.58 a share. Sales revenues rose from $732.5m to $874.4m.

For the full year, net income was up from $185.1m or $4.75 a share to $203.9m or $5.22 a share, on sales revenues ahead from $2.54bn to $3.05bn.

Also for the year, Iowa Beef Processors advanced from $6.29 a share to $6.91 a share, while the metals, chemicals and textiles company Whittaker Corporation moved ahead from $1.05 a share to $2.24.

For the second quarter, the food, clothing and toy group General Mills rose from 88 cents a share to $1.01, foods and restaurants concern Pillsbury Company advanced from $1.39 a share to $1.53, the electronics company National Semiconductor lifted net earnings from 43 cents a share to 61 cents, and drug retailer Revco D.S. moved from 44 cents a share to 52 cents.

In the first quarter of the current financial year American Medical International increased net earnings from 56 cents to 73 cents; Central Soya Company moved ahead from 67 cents to 71 cents; motor components company Echlin Manufacturing rose from 29 cents to 37 cents; building materials concern Jim Walter Corporation advanced from $1.41 to $1.57, and confectionery manufacturer Russell Stover Candies moved from 47 cents to 64 cents.

For the first nine-month period dairy and grocery products group Beatrice Foods lifted per-share earnings from $1.90 to $2.04.

Rise at Yeo Hiap Seng

BY WONG SULONG IN KUALA LUMPUR

YEO HIAP SENG BERHAD, the Malaysian offshoot of the Singapore food and beverages group, continued to show rapid growth with pre-tax profits for the year ended September 30 rising by 62 per cent to 8.8m ringgits (U.S.$4.07m).

The profits surpassed the estimate of 7.4m ringgits made in its offer document last June when it announced the takeover of Leong Sin Nam Farms, another fast expanding food company.

Yeo Hiap Seng said that two of its associate companies, Senawang Edible Oils and Permanis Sdn. Berhad, contributed 1.9m ringgits to the group's profits.

A final dividend of 2.5 per cent is declared, bringing the year's total to 15 per cent compared with 10 per cent for the previous year.

Currency relaxations could aid Jordan's market role

BY RAMI G. KHOURI IN AMMAN

JORDAN'S first tentative steps to play a greater financial role, signalled in 1978 with the significant reduction of previously stringent foreign exchange controls, may be encouraged again this year with the removal of all remaining currency restrictions and the approval of legislation to establish offshore banking units in Amman.

Jordan Central Bank Governor Mohammad Said Nabulsi said that "if all goes well, we will consider the elimination of all remaining foreign exchange regulations and the establishment of offshore banks dealing exclusively in foreign exchange."

He said that several large international banks had already expressed an interest to him in establishing offshore units in Jordan for business throughout the Middle East.

Dr. Nabulsi said the expected move into offshore banking would be the third and last step in a carefully orchestrated programme to develop Jordan's long-term capital market capabilities.

The first and second steps in this direction, he said, were the growth of a secondary market for Government bonds on the one-year-old Amman Stock Exchange, and the promotion of corporate bonds, certificates of deposit aand locally syndicated medium- and long-term dollar credits by commercial and investment banks in Jordan.

He added that the Central Bank would continue issuing ten-year state development bonds at the rate of 15m to 20m dinars annually (about $45m to $65m). But the commitment to redeem these at par at any time would be gradually dropped with new issues. The next bond issue in March, he said, would include two lots.

The first, at about 6.5 per cent interest, would carry the Central Bank redemption commitment. The second lot at 8 per cent interest would not be redeemed by the Central Bank, but rather would be traded only on the Amman Stock Exchange.

There are currently about 45m dinars of outstanding Government bonds.

● The state-owned Jordanian airline Alia has renegotiated a $21m eight-year international credit arranged by Citibank, substituting a Jordanian Government guarantee for the original guarantee of the U.S. Exim-bank.

Under the refinancing, the interest margin drops from 2⅛ per cent over interbank rates to 1¼ per cent. This will save a total of about $2.4m.

The loan is part of a $70m credit package arranged in 1977 to finance aircraft purchases. The remaining $49m loan remains at the original terms.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	94½	94⅞	−0½	−0⅞	10.19
Australia 8.45 83	175	96⅝	96⅞	−0⅛	−0⅛	9.92
Australia 9¼ 83	75	97½	98	−0⅛	−0⅛	9.63
Beatrice Foods 7⅞ 83	100	93⅛	93⅝	−0⅛	−0⅛	9.67
CECA 9¼ 87	50	94½	94⅞	−0⅛	+0⅛	9.74
CECA 9 93	25	96⅛	96⅝	−0⅛	−0⅛	[illegible]
CECA 9¼ 96	25	98¼	98⅞	−0⅛	−0⅛	9.41
CECA 9¼ 84-99	50	95½	96	—	—	9.85
CNT 9 93	75	94¼	94¾	−0⅛	−0⅛	9.71
Canada 8 83	250	94	94½	−0⅛	−0⅛	9.91
Canada 8.20 85	250	93	93½	−0⅛	−0⅛	9.81
Canada 9 88	400	97¼	97⅝	−1⅛	−0⅛	9.89
Canada 9¼ 98	250	97½	98	−1	−0⅛	9.73
Canadair 8½ 83	70	93⅞	94⅜	−1⅛	−1⅛	10.18
Dominion Bridge 9 86	25	93¼	93¾	−0⅛	−0⅛	10.27
EIB 9⅛ 98	125	95⅞	96⅜	−0⅛	−0⅛	9.78
Eksportfinans 9 86	50	95⅛	95⅝	−1	−0⅛	9.82
Finland 8¾ 83	100	95⅜	95⅞	−1⅛	−0⅛	10.24
Finland 9 88	100	94⅞	95⅜	−0⅞	−0⅞	10.07
Hospital O/S 9 83	25	96½	97	−0⅛	−0⅛	9.87
Ital Finance 9¾ 90	20	91¼	91¾	−1⅛	−0⅛	11.38
J. C. Penney 8½ 83	100	94¾	95¼	−1⅛	−1	9.88
NZ Dev. Fin. 8¾ 83	20	93⅛	93⅝	−0⅛	−0⅛	10.03
NZ Dev. Fin. 8¾ 85	20	92⅞	93⅜	−0⅞	−0⅛	9.86
Nat West 9 86	75	96⅛	96⅝	−0⅞	−0⅛	9.64
Newfoundland 9¾ 90	50	95⅞	96⅜	−1⅛	−0⅞	9.81
Nord Inv. Bk. 8¾ 88	25	95⅛	95⅝	−0⅛	−0⅛	9.50
Norges Komm. 9¼ 98	75	95⅛	95⅝	−1⅛	−1	9.81
Norsk Hydro 9⅛ 94	50	95	95½	−0⅛	−0⅛	9.73
Norway 7⅞ 83	250	92⅜	92⅞	−0⅛	−0⅛	10.03
Norway 8¼ 83	150	†95¾	96¼	−1⅛	−0⅛	10.08
Occidental 8⅞ 85	75	92¼	92¾	−0⅛	−0⅛	10.55
Ont. Hydro 8¾ 85	125	93	93½	−1	−0⅛	9.96
Quebec Hydro 9½ 93	50	96⅞	97⅜	−1⅛	−0⅞	9.87
Sweden 9⅛ 98	125	97	97½	−0⅛	−0⅛	9.79
UK 8½ 85	200	94¼	94¾	−1⅛	−1⅛	9.91
UK 8¾ 93	150	96	96½	−0⅛	−0⅛	9.57

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95½	96½	+0⅛	+0⅛	7.09
Australia 6 88	250	101½	102	+0⅛	0	5.75
Austria 5½ 90	150	94½	95	+0⅛	+0⅛	6.39
Bankamerica 5¾ 90	150	98¼	99⅛	0	0	5.81
Bq. Ext. Algerie 7¾ 85	100	96⅞	97½	+0⅛	+0⅛	7.83
Brazil 7¼ 87	150	100¼	100¾	—	—	7.21
CECA 6 88	150	94⅛	95¼	−0⅛	−2⅛	6.73
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold 11½ A$	12	96¼	96¾	+0⅛	+0⅛	12.71
Auto Cote B. 7 93 EUA	16	95⅝	96¼	−0½	+0⅛	7.48
Copenhagen 7 93 EUA	30	94⅞	95⅜	0	−0⅛	7.55
Finland Ind. 7 93 EUA	15	95⅛	96⅛	−0⅛	−0⅛	7.47
Komm. Inst 7½ 93 EUA	15	97⅞	98⅜	−0⅛	−0⅛	7.71
Panama 8½ 93 EUA	20	95¼	96¼	−1⅛	−0⅛	8.70
SDR France 7 93 EUA	22	96½	97½	−0⅛	−0⅛	7.34
Algemene Bk 8½ 83 Fl	75	92¼	93	+1⅛	+1⅛	8.31
Brazil 7½ 83 Fl	75	94	94¾	0	+0⅛	9.06
CFE Mexico 7¼ 83 Fl	75	96⅞	97⅝	+0⅛	0	8.48
EIB 7¾ 85 Fl	75	93½	94¼	+0⅛	+0⅛	8.47
Neder Midd. 6½ 83 Fl	75	93¼	94¼	+1⅛	+0⅛	8.16
New Zealand 6¾ 84 Fl	75	91⅞	92⅝	+0⅛	+0⅛	8.55
Norway 6½ 83 Fl	100	92¼	93⅛	+0⅛	+0⅛	8.56
OKB 6½ 85 Fl	75	90	90¾	+0⅛	+0⅛	8.31
Elf Aquitaine 9¾ 88 FFr	150	†98½	99	+0⅛	+0⅛	9.95
EIB 9½ 88 FFr	200	†98½	99	+0⅛	+0⅛	[illegible]
Unilever 10 85 FFr	100	100¾	101¼	+0⅛	+0⅛	[illegible]
BAT 8 88 LuxFr	250	95½	96½	+0⅛	0	8.80
Bayer Lux 8 86 LuxFr	250	95¼	96¼	+0⅛	+0⅛	8.70
EIB 7¾ 88 LuxFr	250	95⅛	96⅛	−0⅛	+0⅛	8.38
Finland I. Fd 8 88 LuxFr	250	95¼	96¼	+0⅛	+0⅛	8.60
Norway 7¾ 83 LuxFr	250	96¼	97¼	−0⅛	−0⅛	[illegible]
Norges Km. 8 86 LuxFr	500	†97	98	—	—	[illegible]
Renault 7¾ 88 LuxFr	[illegible]	97⅛	98½	−0⅛	0	8.11
Solvay Fin 8 85 LuxFr	500	100½	101½	+0½	+0⅛	7.80
Swedish Bk 8 88 LuxFr	500	99¼	100¼	−0⅛	+0⅛	8.01
Gestetner BV 11 88 £	10	89¼	90¼	+1	+0⅛	12.89
Whitbread 10½ 90 £	15	85¼	86¼	+0⅛	+0⅛	12.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0¼	98⅞	99⅜	20/4	10¼	10.72
Arab Intl. Bk. M6.5 83	0¼	95⅞	96⅛	31/1	9⅛	9.77
BFG Fin Co M5.5 89	0¼	98⅛	98⅝	12/1	—	—
B. El Salvador M8 83	1¼	96½	97	12/4	11.31	11.69
B. Nac. Argent M8 83	0¾	97¼	97¾	21/1	9¼	9.52
Bank Handlowy M8 88	1½	†97¼	97¾	25/11	12.94	13.27
Bk. of Tokyo M5½ 93	0¼	96⅞	97⅜	18/4	10½	10.84
Banque Worms M5¼ 85	0¼	98⅛	98⅝	15/6	12	12.20
Bq. d'Alg. M6.375 84	0⅛	†96⅞	97⅛	9/2	9⅛	9.92
Bq. Ext. d'Alg. M7.5 85	0⅞	†95⅞	96½	2/5	12⅞	13.26
Bq. Indo et Suez M5½	0¼	98¼	98¾	26/1	9¼	9.62
Bq. Afr. Occ. M6.5 83	0¼	97	97½	12/1	9⅛	9.64
CCCE M5.25 98	0⅛	97⅛	97⅝	3/2	9.13	9.41
Ch. Man. O/S M5¼ 93	0⅛	97½	98	27/1	9.31	9.53
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Elec. 3½ DM	11/78	623	94½	95½	+0½	14.55
[illegible]ec. 3½ 87 DM	4/79	476	96¼	97¼	+1¼	0.96
[illegible]d. 3½ 86 DM	11/78	711	86⅛	87⅛	−3½	18.74

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CURRENCIES, MONEY and GOLD

Dollar steady in thin trading

The dollar finished at its best level for the day against most major currencies yesterday, with trading still affected by the Christmas holiday period, which caused some major financial centres. The U.S. unit started the day around its weakest level, although the small amounts coming on offer were readily taken, and later a little support by major banks helped the dollar improve throughout the day. New York opened initially as sellers of dollars but this died out with sterling coming on offer in later trading.

Against the D-Mark it finished at 1.8220 against DM 1.7975 earlier in the day and DM 1.8200 on Friday. The Swiss franc finished SwFr 1.6010 before closing at SwFr 1.6260 against SwFr 1.6205 previously. The French franc showed a wide spread touching as high as Fr 4.1300, before closing at its weakest level of Fr 4.1615 from Fr 4.1790 on Friday. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation was unchanged at 9.8 per cent. On Bank of England figures, its index eased slightly from 82.7 to 82.6.

Sterling opened at $2.0485 and rose on the initial weakness of the dollar to $2.0530. Most of the day's trading up to mid-afternoon however, took place at around $2.0475. With the opening of New York sterling began to suffer and fell to $2.0330 before closing at $2.0345-2.0355, a loss of 65 points on Friday.

Elsewhere the pound remained fairly steady and this was reflected in its trade weighted index, as calculated by the Bank of England, which remained at 63.9 for all three of the day's calculations, and only slightly lower than Friday's close of 64.0. Against the D-mark, sterling was a little weaker at DM3.7100 against DM3.7150 previously.

Frankfurt—At the fixing, the dollar eased to DM 1.8084 from Friday's level of DM 1.8280, and there was no intervention at the fixing by the Bundesbank. The U.S. unit came under some pressure in early trading although normal conditions had not been resumed after the holiday. Towards the fixing, pressure eased somewhat, aided by a little assistance from the authorities. In later trading the U.S. currency improved in fairly active trading to stand at DM 1.8127 towards the close. Its slight improvement gave rise to speculation that last week's decline may have been overdone.

NEW YORK—In thin trading the dollar showed a steady trend up to lunchtime with no apparent support from the Federal authorities, although it had received some assistance in Europe earlier. The market still seemed to be a little wary of the situation in Iran and efforts to start the EMS. Sterling was quoted at $2.0415 against $2.0425 while the D-mark rose slightly to DM 1.8152½ from DM 1.8165. The Swiss franc traded at SwFr 1.6090 compared with SwFr 1.6070, and the Japanese yen rose from Y194.70 to Y194.0.

PARIS—The dollar closed at its best level against the French franc in very thin trading. Towards the close the U.S. unit was quoted at FFr 4.1525 compared with FFr 4.135 in the morning and FFr 4.1700 on Friday. With Swiss markets closed trading was well below normal, although there seemed to be a general reluctance to open new positions ahead of any developments on the EMS. Against the D-mark the franc stood at FFr 2.2885 compared with FFr 2.2900.

MILAN—The dollar was fixed at L823.05 yesterday, sharply lower than Friday's level of L829.70. Trading was very subdued but the U.S. unit still suffered from uncertainty surrounding the Iranian crisis. With the EMS now postponed, the D-mark improved to L455.4 while the Swiss franc was also firmer.

AMSTERDAM—The dollar was fixed at Fl.1.9525 yesterday, compared with Friday's fixing of Fl.1.9690. In later trading the U.S. unit recovered slightly to Fl.1.9575.

THE POUND SPOT / FORWARD AGAINST £

Jan. 2	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	2.0330-2.0550	2.0345-2.0355	0.10-0.20c pm	0.88	0.40-0.30c pm	0.69
Canadian $	10¾	2.4145-2.4360	2.4160-2.4170	0.45-0.35c pm	1.99	1.15-1.05c pm	1.82
Guilder	6½	3.985-4.02	3.9875-3.9975	1½-1½ c pm	1.88	3½-2½ c pm	2.76
Belgian F	6	58.30-58.60	58.35-58.45	15-5 c pm	2.05	55-45 c pm	3.42
Danish K	8	10.28-10.31	10.26-10.28	1ore pm-1½dis	-0.59	4-6 ore dis	-1.95
D mark	3	3.695-3.729	3.705-3.715	3½-2½ pf pm	8.89	9½-7½ pf pm	8.89
Port. Esc.	18	95.00-95.80	95.05-95.55	50-100 c dis	-9.65	120-280 c dis	-8.57
Span. Pes.	8	141.80-142.90	141.85-142.05	30-100 c dis	-5.49	200-300 c dis	7.04
Lira	10½	1,675-1,685	1,676-1,678	½-2½ lire dis	-1.19	5-8 lire dis	-1.55
Nrwgn. K.	7	10.12-10.19	10.12-10.13	2 ore pm-par	1.77	4½-2½ ore pm	1.48
French Fr.	9½	8.45-8.50	8.46½-8.47½	1½-½ c pm	par	6½-5½ c pm	2.72
Swedish Kr	6½	8.68-8.73	8.68½-8.69½	3½-1½ ore pm	2.42	6½-4½ ore pm	2.53
Yen	3½	390-400	394½-395½	4.80-4.20y pm	13.35	12.20-11.65 y pm	12.03
Austria Sch	4½	27.00-27.20	27.05-27.08	17-7 gro pm	5.32	45-35 gro pm	5.91
Swiss Fr.	1	3.28-3.31	3.29-3.30	3½-2½ c pm	11.84	10½-9½ c pm	11.66

Belgium rate is for convertible francs. Financial franc 59.20-59.30.

Six-month forward dollar 0.70-0.60c pm, 12-month 1.60-1.50c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.20-84.23	84.20-84.23	0.06-0.08c pm	0.73	0.18-0.22c pm	0.93
Nethlnd.	1.9520-1.9600	1.9570-1.9590	0.20-0.10c pm	0.85	1.17-1.07c pm	2.21
Belgium	28.48-28.69	28.66-28.69	4-1c pm	0.80	19-16c pm	2.35
Denmark	5.0280-5.0410	5.0350-5.0375	0.40-0.90ore dis	1.450	3.00-3.50ore dis	-2.59
W. Ger.	1.8045-1.8170	1.8160-1.8170	1.27-1.22pf pm	7.60	3.75-3.70pf pm	8.2
Portugal	45.80-46.00	45.80-46.00	30-40c dis	-9.15	70-140c dis	-9.15
Spain	69.70-69.77	69.70-69.75	23-48c dis	5.73	2.75-3.75lire dis	-2.29
Italy	821.50-832.00	823.00-823.75	0.75-1.50lire dis	-2.06	110-135c dis	-7.03
Norway	4.9620-4.9720	4.9700-4.9720	0.40-0.10ore pm	0.68	1.30-0.80ore pm	0.64
France	4.1335-4.1650	4.1600-4.1650	0.60-0.30c pm	0.27	2.80-2.30c pm	1.60
Sweden	4.2610-4.2690	4.2670-4.2690	1.05-0.85ore pm	2.51	2.30-2.10ore pm	2.07
Japan	192.60-194.60	194.30-194.50	2.05-1.90y pm	11.68	5.60-5.45y pm	11.31
Austria	13.23-13.31	13.30-13.31	6.25-5.25gro pm	5.19	18-15.5gro pm	5.03
Switz.	1.6050-1.6200	1.6175-1.6200	1.70-1.55c pm	11.38	4.85-4.70c pm	11.89

† U.S. cents per Canadian $.

CURRENCY RATES

Dec. 29	Special Drawing Rights	European Unit of Account
Sterling	0.640349	0.675274
U.S. dollar	1.30279	1.37688
Canadian dollar	1.54511	1.62918
Austrian schilling	17.4150	18.2739
Belgian franc	37.5204	39.6543
Danish krone	6.63120	6.99113
Deutsche Mark	2.38150	2.50868
Guilder	2.56519	2.71453
French franc	5.44566	5.75538
Lira	1080.89	1140.06
Yen	253.523	265.566
Norwegian krone	6.54326	6.90841
Peseta	91.3386	96.2307
Swedish krona	5.59613	[illegible]
Swiss franc	2.10726	2.22839

CURRENCY MOVEMENTS

January 2	Bank of England Index	Morgan Guaranty changes %
Sterling	63.87	-40.7
U.S. dollar	82.59	-9.8
Canadian dollar	78.65	-18.6
Austrian schilling	147.81	+20.4
Belgian franc	114.80	+15.0
Danish krone	119.27	+7.8
Deutsche Mark	151.23	+41.8
Swiss franc	189.19	+85.5
Guilder	125.35	+21.4
French franc	100.77	-6.1
Lira	54.29	-49.2
Yen	147.72	+45.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 2	£	$		£ Note Rates
Argentina Peso	2.040-2.060	1.002-1.012	Austria	26¾-27¾
Australia Dollar	1.7715-1.7765	0.8667-0.8678	Belgium	59¼-60¼
Brazil Cruzeiro	42.09-43.09	20.68-21.17	Denmark	10.25-10.35
Finland Markka	7.95-7.96	3.8960-3.8980	France	8.42-8.52
Greek Drachma	72.462-74.230	35.61-36.48	Germany	3.66-3.76
Hong Kong Dollar	9.7600-9.8000	4.7930-4.7950	Italy	1,650-1,700
Iran Rial	152.17-160.29	74.17-78.77	Japan	397-402
Kuwait Dinar (KD)	0.551-0.561	0.2708-0.2757	Netherlands	3.95-4.05
Luxembourg Frc.	58.35-58.45	28.67-28.70	Norway	10.10-10.25
Malaysia Dollar	4.4900-4.5100	2.1980-2.2000	Portugal	93-99
New Zealand Dlr.	1.9085-1.9155	0.9338-0.9363	Spain	145½-149½
Saudi Arab. Riyal	6.70-6.80	3.2924-3.3416	Switzerland	3.25-3.35
Singapore Dollar	4.4150-4.4300	2.1593-2.1603	United States	2.0350-2.0450
Sth. African Rand	1.7695-1.7958	0.8695-0.8824	Yugoslavia	41-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 2	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.038	3.710	395.5	8.468	3.295	3.993	1676.	2.417	58.40
U.S. Dollar	0.491	1.	1.822	194.2	4.151	1.619	1.962	823.6	1.187	28.70
Deutsche-mark	0.270	0.549	1.	106.6	2.282	0.888	1.076	451.8	0.651	15.74
Japanese Yen 1,000	2.528	5.145	9.381	1000.	21.41	8.331	10.09	4236.	6.110	147.7
French Franc 10	1.181	2.403	4.381	467.1	10.	3.891	4.715	1979.	2.854	68.97
Swiss Franc	0.303	0.618	1.126	120.0	2.570	1.	1.212	508.6	0.733	17.72
Dutch Guilder	0.250	0.510	0.929	99.05	2.121	0.825	1.	419.8	0.605	14.63
Italian Lira 1,000	0.597	1.214	2.214	236.0	5.052	1.966	2.382	1000.	1.442	34.84
Canadian Dollar	0.414	0.842	1.535	163.7	3.504	1.364	1.652	693.6	1.	24.17
Belgian Franc 100	1.712	3.485	6.355	677.[illegible]	14.50	5.648	6.836	2870.	4.138	100.

EURO-CURRENCY INTEREST RATES

Jan. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¼-12	10⅜-10⅞	7½-8½	10½-10¾	[illegible]	3¼-3⅝	20-40	15-19	—	[illegible]
7 day's notice	11⅝-11⅞	10⅝-11	7½-8½	10½-10¾	[illegible]	3⅝-3¾	10-15	11-13	10⅝-10¾	-2-par
Month	11¾-12⅛	11-11¼	10-10½	9⅞-10⅛	[illegible]	3⅞-3⅜	10¾-11¼	13½-14½	10⅞-11	[illegible]
Three months	12⅜-12⅞	11⅝-12	10¼-10¾	9¼-9¾	[illegible]	3⅞-3⅝	9¾-10⅛	14-15	11⅜-11⅝	[illegible]
Six months	12⅝-12⅞	12¼-12½	10⅞-11¼	8⅞-9⅛	[illegible]	3¾-3⅞	9¾-10¼	14½-15½	12¼-12⅜	1¼-2⅛
One year	12-12⅝	12-12⅛	10⅝-11⅛	8⅝-8⅞	[illegible]	3⅞-3⅞	10¼-10½	15-16	12-12⅛	2⅜-2⅞

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.90-11.00 per cent; three months 11.45-11.55 per cent; six months 11.95-12.05 per cent; one year 11.65-11.75 per cent.

Long-term Eurodollar deposits: two years 10⅞-11⅛ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates steady

European interest rates showed very little change yesterday, although money showed a slightly easier tendency in Frankfurt. Trading was light, as yesterday was the first full day after Christmas and the New Year, and was also restricted by severe weather affecting most of Europe.

NEW YORK—13-week Treasury bills were quoted at 9.49 per cent compared with an average of 9.388 per cent at Friday's auction; 26-week bills rose to 9.57 per cent from 9.55 per cent at the auction while one year bills firmed to 9.78 per cent against 9.68 per cent. Federal funds were quoted at 11½ per cent, unchanged from earlier in the day. The Federal authorities added reserves to the system, with funds at 11½ per cent and in later trading made a second round of overnight repurchase agreements with Fed funds at 12 per cent.

FRANKFURT—Call-money fell back from Friday's high level of 6.0-7.0 per cent to 3.45-3.55 per cent. One-month money eased to 3.7½ per cent from 4.0-4.15 per cent as did the three-month rate. Six-month money was quoted at 3.9-4.0 per cent against 4.1-4.2 per cent previously, while the 12-month rate fell to 4.15-4.3 per cent compared with 4.2-4.25 per cent.

PARIS—Day to day money was unchanged at 6½ per cent with one-month money at 6⅛-6¼ per cent and three-month money at 6⅛-6⅜ per cent. Both the six and 12-month rates were also unchanged at 6½-6⅞ per cent and 7¼-7⅜ per cent. In line with the recent easier trend in rates, charges on consumer instalment buying were cut yesterday from 18.8 per cent to 17.3 per cent.

AMSTERDAM — Interbank money rates showed very little change throughout, with call money and one-month money both at 10½-11 per cent, unchanged from Friday. Three-month money eased to 10¼-10½ per cent from 10½-10¾ per cent, while the 12-month rate was quoted at 9¼-9½ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 10⅜-10⅝ per cent and 9⅞-10⅛ per cent for one and three-month respectively, both unchanged from Friday. Six-month deposits eased to 8⅞-9⅛ from 9-9¼ per cent with 12-month deposits at 8⅝-9 per cent against 8⅞-9⅛ per cent. Call money rose to 8.10 per cent from 6.65 per cent. At yesterday's auction the rate on four-month bond fund papers was left unchanged at 9.25 per cent.

MILAN—Money rates were unchanged throughout from 10¼-10¾ per cent for call money to 11¼-11¾ per cent for three-month money.

SINGAPORE—More banks adjusted their prime rates yesterday with Mitsubishi Bank raising its rate ½ per cent to 7¾ per cent. National Westminster Bank also pushed up its rate to 8 per cent from 7¾ per cent while Marine Midland Bank reduced its prime rate from 8⅜ per cent to 8⅛ per cent.

GOLD

Slight fall

Gold lost $1 an ounce in the London bullion market yesterday to close at $225-225½. After a firm start at $226-$226½, the metal was fixed at $227.15 in the morning and $226.80 in the afternoon. Trading was at a low level partly due to the closure of Zurich. With New York entering the market, gold fell and in New York touched $223-$223½ after the close of dealings in London.

In Paris the 12½ kilo gold bar was fixed at Fr 30,425 per kilo ($228.52 per ounce) compared with Fr 30,425 ($228.99) in the morning, and Fr 30,450 ($226.57) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,255 per kilo ($227.77 per ounce) against DM 13,185 ($224.10) previously.

	Jan. 2	Dec. 29
Gold Bullion (a fine ounce)		
Close	$225½-225½	$226-226½
Opening	$226-226½	$223½-224
Morning fixing	$227.15 (£110.816)	$224.50 (£110.265)
Afternoon fixing	$226.80 (£110.882)	$226.00 (£110.876)
Gold Coins, domestically		
Krugerrand	$238-240 (£117-118)	$237½-239½ (£116½-117½)
New Sovereigns	$64-66 (£31½-32½)	$63½-65½ (£31½-32½)
Old Sovereigns	$65-66 (£31-32)	$63½-65½ (£31½-32½)
Gold Coins, internationally		
Krugerrand	$233-235 (£114½-115½)	$231-233 (£113½-114½)
New Sovereigns	$60½-62 (£29½-30½)	$59½-61½ (£29½-30½)
Old Sovereigns	$63-65 (£31-32)	$63½-65½ (£31½-32½)
$20 Eagles	$295-300	$296-300
$10 Eagles	$165-170	$166-171
$5 Eagles	$108-114	$110-115

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day to day credit appeared to be in reasonable supply in the London money market yesterday, although the authorities gave assistance by lending a small amount to one or two discount houses at MLR, and for repayment today. Discount houses were paying around 10½ per cent for secured call loans at the start, and closing balances were taken down to 8½ per cent.

The market was faced with a large excess of revenue transfers to the Exchequer over Government disbursements. On the other hand banks brought forward balances a little way above target and there was a large surplus of Treasury bills maturing outside official hands. The number of notes in circulation also decreased by a moderate amount.

In the interbank market, overnight loans opened at 11½-11¾ per cent and may have touched 11¾ per cent before easing on the forecast to 10½-10¾ per cent. Rates then firmed to 10¾-11 per cent and then fell back to 10½-10¾ per cent. Later trading saw money climb to 11-11½ per cent before closing balances were taken at 10-10½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan. 2 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-11½	—	—	—	11	8¾-12½	—	—	—
2 days notice	—	—	11½-11¾	—	—	11½	—	—	—	—
7 days or	—	—	—	—	—	—	10¾-11	—	—	—
7 days notice	—	11¼-11⅝	11⅝-11⅞	—	12¼	12⅝	11⅝-11⅞	11⅛	11⅞-11⅛	12½
One month	12⅛-12¼	12-12⅛	11⅞-12⅛	12⅛-12⅜	12⅜	—	11⅞	11⅛	12⅛	12⅝
Two months	12¼-12⅛	12⅛-12⅜	—	12¼-12⅝	12⅝	—	12	11¼-11⅜	12¼	12⅝
Three months	12⅝-12⅞	12⅛-12⅜	12⅛-12⅜	12⅛-12⅝	12⅞	—	—	—	12⅛-12¼	13
Six months	12⅝-12⅛	12⅛-12⅜	12⅛-12⅜	12-12¾	12⅞	—	—	—	—	—
Nine months	12⅝-12¼	12⅛-12⅜	—	12⅜-12¾	12⅜	—	—	—	—	—
One year	12¼-12⅛	12¼-12⅝	12-12⅛	12⅜-12¾	12¾	—	—	—	—	—
Two years	—	—	12½-12⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12¾-12⅞ per cent; four years 12¾-12⅞ per cent; five years 12¾-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅜ per cent; four-month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11¾ per cent; two-month 11¾-11⅞ per cent; three-month 11⅞ per cent. Approximate selling rate for one-month bank bills 11¾-11⅞ per cent; two-month 12 per cent; and three-month 12⅛ per cent. One-month trade bills 12⅝ per cent; two-month 12⅝ per cent and also three-month 12⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5635 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.75
Fed Funds	11.5
Treasury Bills (13-week)	9.49
Treasury Bills (26-week)	9.57

GERMANY

Discount Rate	3
Overnight	3.50
One month	3.75
Three months	3.75
Six months	4.225

FRANCE

Discount Rate	9.5
Overnight	6.75
Three months	6.4375
Six months	6.5625
One month	6.6875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
AKZ	F.27.50	—	—	10	3.50	—	—	F.28.80
AKZ	F.30	15	0.40	—	—	2	3.40	"
AKZ	F.32.50	—	—	—	—	11	2.20	"
ARB	F.70	—	—	—	—	5	8	F.74.80
ARB	F.75	—	—	—	—	6	4.70	"
ARB	F.80	—	—	—	—	1	2.10	"
CSF	F.440	—	—	5	7.20	5	13	F.383
EK	$60	5	1⅝	—	—	—	—	$58¾
GOB	F.150	—	—	5	7.10	—	—	F.147.40
GOB	F.160	—	—	8	3.90	—	—	"
HO	F.37.50	2	0.60	—	—	7	3.40	F.35
HO	F.40	—	—	—	—	1	2.70	"
IBM	$280	14	22	5	29	—	—	$298
IBM	$300	8	7¾	1	17¾	1	24½	
KLM	F.120	4	2.10	—	—	3	11.50	F.118
KLM	F.130	3	0.30	—	—	—	—	"
KLM	F.150	—	—	22	0.60	15	2.50	"
KLM	F.160	—	—	1	0.30	—	—	"
KLM	F.170	—	—	—	—	1	0.80	"
NN	F.108.90	4	2.50	—	—	—	—	F.110.20
PHI	F.25.00	—	—	20	1.60	1	1.90	F.24.50
PSA	F.480	—	—	10	32	—	—	F.475
PSA	F.520	—	—	6	18	2	29	"
PSA	F.560	—	—	3	8.30	—	—	"
RD	F.120	10	1.50	17	5.50	21	6.80	F.118.70
RD	F.130	—	—	24	1.60	1	3	"
		Feb.		May		August		
BA	$80	2	1⅞	2	5½	—	—	$71¼

TOTAL VOLUME IN CONTRACTS 289

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	Julian S. Hodge	13½%
American Express Bk.	12½%	C. Hoare & Co.	†12½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of N.S.W.	12½%	London Mercantile	12½%
Bank of Cyprus	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

Early Dow 3.2 loss on investor caution

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—82¼% (81¼%)
Effective $2.0350 42⅞% (42⅞%)

AN EASIER tone prevailed on Wall Street in slack early trading yesterday.

The Dow Jones Industrial Average was 3.21 down at 801.80 at 1 pm, while the NYSE All Common Index registered a loss of 20 cents at $53.42, although declines outnumbered gains by only a small margin. Turnover amounted to 11.13m shares, well below last Friday's 1pm figure of 18.27m.

Closing prices and market reports were not available for this edition.

Investors had taken to the sidelines to await developments in Iran, but were also showing further concern about rising interest rates.

Analysts said a Discount Rate rise from the present 9½ per cent is widely expected. Additionally, Citibank last Friday raised its Prime Rate by ¼ of a point to 11¾ per cent, making that level industry-wide, and further increases are expected.

Boeing topped the actives list but declined $1¾ to $69¾. A block of 110,000 shares were traded at $70½.

Among other actives, Ralston Purina slipped $¼ to $11⅞, Georgia-Pacific $¼ to $24, Warner-Lambert $½ to $23½, Texaco $½ to $23¾, Exxon $⅜ to $49 and Zenith Radio $⅝ to $12½. A block of 112,000 Zenith shares changed hands at $12⅞.

IBM retreated $⅞ to $297¼, Digital Equipment $1¼ to $52⅞, Du Pont $2½ to $124½, Amax $1 to $47¾, Smithkline $1 to $90¼ and Polaroid $½ to $50½.

Chrysler, which is raising new car prices 1.2 per cent, added $⅛ at $9.

Allegheny Ludlum rose $⅞ to $15. It is selling a unit of its Chemetron subsidiary to PPG Industries for an undisclosed cash sum PPG were unchanged at $24.

Emerson Electric declined $1 to $34⅜. It is buying Skil for stock valued at $30 per Skil share. Skil opened at $26½, up 6⅞.

THE AMERICAN SE Market Value Index, in contrast to the NYSE was 0.17 firmer at 150.73 at 1 pm following a thin business. Volume 1.07m shares (3.31m).

Resorts International "A," the leading Amex active, climbed 2¾ to $28½. Also active were Houston Oil and Minerals up $½ at $15¾, and Numac Oil and Gas, $⅞ firmer at $25⅜.

Lightolier rose ⅛ to $6⅞ on higher fiscal second-quarter profits.

Canada

Shares displayed a bias to higher levels in moderate dealings yesterday morning. The Toronto Composite Index hardened 0.6 to 1,310.6 at noon, while Golds improved 1.3 to 1,445.9, Papers 5.11 to 161.05 and Banks 0.27 to 307.84 on index. However, the Metals and Minerals index declined 1.9 to 1,090.8 and Oils and Gas 3.1 to 1,843.1.

Among the Papers group, MacMillan Bloedel advanced 3¼ to C$25½, but Domtar, which said it and Macmillan have withdrawn bids for each other, lose ¼ to C$25½. Canadian Pacific Investments, whose C$28 per share bid for Macmillan still stands, gained ½ to C$24¾.

Brascan "A" were off ¼ to C$18⅜ after a 2⅜ gain last Friday. The company is selling its Brazilian utility.

Active Hudson's Bay were unchanged at C$20¼.

Tokyo

Market remained closed for the New Year holiday.

Germany

In what dealers classed largely a technical reaction from investor positions taken for year-end books, stocks generally gained ground yesterday. The Commerzbank index improved 5.0 to 822.2.

However, giving an added boost to share prices were expectations that the five-week-old iron and metals workers' strike was near to ending.

Siemens, in Electricals, moved ahead DM4.10, while Motors had Volkswagen up DM5.40 and BMW DM4 higher. In Chemicals, Bayer added DM2.60, while elsewhere, GHH advanced DM6.50 and Deutsche Bank DM3.10.

Public Authority Bonds showed no clear trend, some gaaining up to 25 pfennigs but others losing up to 35 pfennigs.

The Bundesbank bought a net DM2m nominal of paper. Mark Foreign Loans were firmer.

Paris

Share prices mainly declined in quiet trading conditions, with no special factors affecting the market. The Bourse Industrials index reacted 1.1 to 76.0.

Bourse sources noted that the surge of buying evident at the end of last week to take advantage of tax gains under the "Monory law" had now finished with the start of the new year.

BSN Gervais Danone receded 27 to FFr 531, CIT-Alcatel 29 to FFr 965, Cie Bancaire 19.5 to FFr 476, L'Oreal 24 to FFr 715, Pernod Ricard 9.5 to FFr 305, Peugeot Citroen 14 to FFr 475 and Michelin "B" 21 to FFr 1,210.

Australia

The Melbourne stock market remained closed yesterday, but the Sydney SE had a buoyant trading session in fairly light volume, with a shortage of stock exaggerating price movements in some instances.

Investors were following a number of pre-new year forecasts of a bright outlook for 1979, while speculation in Oil stocks and Diamond explorers gave the market a further boost.

By the close of trading, the Sydney All Ordinaries index had risen 3.69 to 545.72.

BHP moved ahead 20 cents to A$9.16, topping its best 1978 price by 8 cents. The company has a big oil drilling programme scheduled for 1979, and a good deal of yesterday's buying was on behalf of option writers wanting to make sure of their scrip cover.

In the Oils sector, Beach Petroleum advanced 6 cents to 70 cents, while Woodside, AOG and Bridge firmed 3 cents each.

Speculators moved into Diamond stocks ahead of CRA's quarterly report on the Ashton joint venture, due within the next two weeks. CRA rose 7 cents to A$3.65 and Otter Exploration 3 cents to 35 cents, while Northern Mining and Ashton Mining put on 2 cents apiece.

Coal stocks scored good gains, while Uraniums were mainly steady, except for Peko-Wallsend, which slipped back 8 cents to A$5.60.

Among Gold Mining issues, Central Norseman added 30 cents at A$13.60, while Gold Mines of Kalgoorlie hardened 3 cents and Bougainville gained 5 cents to A$1.67.

Most banks improved while there was also support for Transports, Properties, Electricals and Real Estates.

Hong Kong

Stocks tended to shed a little more ground in very light trading, reflecting continuing concern about the Iran situation, slightly higher local money market rates and renewed U.S. dollar weakness yesterday.

However, some leaders stood their ground, with Hongkong Bank, HK$17.50, Hong Kong Land HK$7.60, and Hutchison Whampoa, HK$3.95, all closing unchanged. Jardine Matheson lost 10 cents to HK$11.50, Swire Pacific "A" 10 cents to HK$7.35 and Hong Kong Wharf 20 cents to HK$25.30.

Amsterdam

Stocks closed mixed with a lower bias after thin trading. Unilever and Royal Dutch lost Fl 0.30 apiece, but other Dutch Internationals hardened a shade.

Elsewhere, Van Ommeren was a bright spot, gaining Fl 6 at Fl 154, while Heineken put on Fl 1.40 to Fl 96.20.

Ahold hardened Fl 0.50 to Fl 115.00 after announcing a 21.1 per cent increase in 1978 sales.

However, Oce-Van de Grinten receded Fl 2.30 to Fl 164.20 and Deli declined Fl 4.30, while shares with losses ranging between Fl 1 and Fl 1 included KLM, GNSM and Ennia.

Naionale Nederlanden shed Fl 0.20 ahead of the company's announcement that it is confident that 1978 net profits will rise at least 10 per cent.

State Loans were steady.

Johannesburg

Golds were mixed in a small turnover.

Diamond share de Beers advanced 25 cents more to R8.75, but other Metals and Minerals mainly traded around previous levels with the exception of Collieries, which advanced strongly on further consideration of the Iran petroleum situation. Welgedacht rose 55 cents to R3.15 and Zuinguin 45 cents to R3.05.

Milan

Light selling in the absence of support left widespread losses yesterday.

Operators were cautious due to the tense situation in Iran, delays in formulating the Government's three-year plan for the economy, and the postponement to the start-up of the European Monetary System.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pts 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n France including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Dec. 29	Dec. 28
Abbott Labs.	33¾	34⅛
Addressograph	21¾	21¼
Aetna Life & Ca.	38¾	38⅞
Airproducts	23⅝	23¾
Alcan Aluminium	33⅞	33⅝
Alcoa	47¾	48
Corning Glass	53¼	53⅛
CPC Int'rn'tional	49¼	49⅝
Crane	25⅝	24
Crocker Natl.	24⅜	24¾
Crown Zellerb'h.	31	30⅞
Cummins Engine	33¼	33⅛
Curtiss Wright	13⅝	12⅝
Dana	29⅛	29¼
John Manville	22⅞	22⅝
Johnson Johnson	73¾	74½
Johnson Control	25¼	25⅛
Joy Manufacturg	27¾	27¾
K. Mar Corp	22⅝	22¾
Kaiser Alumini'm	17½	17¼
Kaiser Industries	2	2
Kaiser Steel	18⅜	18⅝
Kay	11⅞	11¾
Kennecott	20⅛	19¾
Revlon	51⅞	50¾
Reynolds Metals	32⅝	32¾
Reynolds R.J.	56⅝	56⅞
Rich'son Merrell	24	23¾
Rockwell Inter.	35⅜	34¾
Rohm & Haas	31⅝	31½
Royal Dutch	60½	60⅝
RTE	10	10
Ross Togs	10	9⅞
Ryder System	24⅛	24⅜
Woolworth	19⅜	19⅛
Wyly	4	3⅞
Xerox	52⅝	53⅜
Zapata	11⅛	11¼
Zenith Radio	12⅞	12⅝
U.S. Treas. 4% '80	†93½	†93½
USTreas4¼%75/85	†78⅛	†78⅛
U.S. 90-day bills	9.19%	9.18%

Indices

NEW YORK —DOW JONES

	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 22	Dec. 21	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	805.01	805.96	808.56	816.07	808.47	794.79	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.54	84.71	84.89	84.85	84.91	84.99	90.88 (4/1)	84.54 (29/12)	—	—
Transport	206.56	206.95	208.76	211.19	209.46	204.42	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	98.24	98.14	98.00	98.51	98.21	97.77	110.98 (3/1)	97.75 (20/12)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	30,050	25,440	25,580	21,470	25,790	28,700	—	—	—	—

◆ Day's high 812.20 low 800.50

	Dec. 22	Dec. 15	Dec. 8	Year ago approx.
Ind. div. yield %	6.00	6.02	5.97	5.64

STANDARD AND POORS

	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 22	Dec. 21	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	107.21	107.41	107.86	108.69	107.40	105.48	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.53 (30/6/32)
§Composite	96.11	96.29	96.66	97.52	96.31	94.71	106.98 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Dec. 27	Dec. 20	Dec. 13	Year ago (approx.)
Ind. div. yield %	5.10	5.21	5.14	4.90
Ind. P/E Ratio	8.74	8.55	8.64	9.13
Long Gov. Bond yield	8.92	8.95	8.84	8.02

N.Y.S.E. ALL COMMON

Dec. 29	Dec. 28	Dec. 27	Dec. 26	1978 High	1978 Low
53.62	53.68	53.90	54.36	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Dec. 29	Dec. 28	Dec. 27
Issues Traded	1,972	1,957	1,943
Rises	801	461	451
Falls	758	1,043	1,037
Unchanged	413	453	455
New Highs	10	4	7
New Lows	110	102	78

MONTREAL	Dec. 29	Dec. 28	Dec. 27	Dec. 22	1978 High	1978 Low
Industrial	217.95	217.77	216.52	216.54	222.14 (11/10)	152.90 (16/2)
Combined	224.79	225.74	222.64	222.49	225.61 (12/10)	170.62 (30/1)
TORONTO Composite	1310.0	1300.7	1295.9	1298.5	1382.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	(u)	264.2	260.3	248.6	272.0 (14/8)	186.0 (28/4)
Industrial	(u)	269.7	268.2	270.9	281.8 (1/11)	194.9 (13/3)

	Jan. 2	Pre-vious	1978-9 High	1978-9 Low
Australia (¶)	545.72	542.03	586.79 (22/9)	411.19 (1/3)
Belgium (‖)	99.70	(c)	101.15 (8/6)	90.43 (22/6)
Denmark (**)	88.66	88.65	98.96 (14/5)	88.08 (30/10)
France (††)	76.0	77.1	83.0 (4/10)	47.6 (3/2)
Germany (‡‡)	822.2	(c)	863.3 (19/10)	759.4 (17/3)
Holland (§§)	80.1	80.7	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	493.83	495.51	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	68.38	69.65	82.25 (25/9)	55.48 (10/1)
Japan (a)	(c)	(c)	462.60 (13/12)	364.04 (4/10)
Singapore (b)	348.38	349.16	414.50 (8/9)	252.0 (9/1)

	Jan. 2	Pre-vious	1978-9 High	1978-9 Low
Spain (d)	98.79	—	98.79 (2/1/79)	92.29 (2/1/78)
Sweden (e)	382.05	381.51	408.00 (4/8)	328.34 (3/1)
Switzerld (f)	(c)	(c)	323.7 (14/2)	281.1 (28/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78-1979 high/low only. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price
Ramada Inns	325,800	8
Occ. Pet.	317,300	19⅝
Chrysler	316,400	8⅞
Sears Roebuck	308,500	18⅝
Texaco	285,900	23⅞
R. L. Burns	282,600	2⅞
White Motor	277,000	7⅝
Eastern Air L.	250,500	8⅞
Pan-Am. Awys.	239,900	6⅛
U.S. Steel	214,100	21⅞

GERMANY ◆

Jan. 2	Price Dm.	+ or —	Div. %	Yld. %
AEG	78.9	+0.3	—	—
Allianz Versich.	495	+4	31.2	3.2
BMW	227	+4	28.12	6.2
BASF	136	+2	18.76	6.9
Bayer	135.7	+2.6	18.75	6.9
Bayer-Hypo	301.5xr	+3.5	28.12	4.7

TOKYO ¶

Dec. 28	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	358		14	2.0
Canon	485	+4	12	1.2
Casio	898	+12	25	1.4
Chinon	389		20	2.6
Dai Nippon Print	560	+5	18	1.6
Fuji Photo	668	+5	15	1.1
Hitachi	265		12	2.3

AUSTRALIA

Jan. 2	Aust. $	+ or —
ACMIL (25 cents)	†0.68	+0.02
Acrow Australia	†0.95	
AMATIL $1	†2.10	+0.05
Ampol Exploration	†1.36	—0.03
Ampol Petroleum	†0.76	+0.02
Assoc. Minerals	†1.35	
Assoc. Pulp Paper $1	†1.75	

OSLO

Jan. 2	Price Kroner	+ or —	Div. %
Bergen Bank	107.0	+0.5	9
Borregaard	75	+2	—
Creditbank	119.5	+0.5	11
Kosmos	300	+5	20
Kreditkassen	116.75	—0.75	11
Norsk HydroKr5	184	+6	12
Storebrand	91.25	+2.0	7

CANADA

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ⊕

COPENHAGEN ♣

MILAN

VIENNA

STOCKHOLM

BRAZIL

JOHANNESBURG

SPAIN ♥

Turnover Cr.57.2m. Volume 38.6m. Source: Rio de Janeiro SE.

Securities Rand $U.S.0.64½ (Discount of 43.7%)

Source Nikko Securities, Tokyo

هكذا من الأجل

COMMODITIES, RAW MATERIALS and AGRICULTURE

Plea to lift Indian tea export curb

By Our Own Correspondent

CALCUTTA — The Indian tea industry has been urging the Government to raise the export "ceiling" beyond 200m kilogrammes in view of the growing volume of foreign inquiries since the export duty was lowered from Rs.5 to Rs 2 a kilo.

Another big crop is expected this year. It is now estimated output could exceed last year's crop of 560m kilos.

Tea exports during the seven months, April to October, this year totalled about 80m kilos. Therefore raising the ceiling or removing it altogether may not have much practical value.

However it is claimed it would reassure the foreign buyer that India plans to remain as a major supplier to the world tea market.

Our Commodities Staff writes: Tea prices were slightly higher when the London tea auctions resumed yesterday after the holiday period. Demand was reported to be good for all teas, but supplies were plentiful.

Average price indications were that quality tea was 2p more expensive at 138p a kilo; so was medium quality at 120p a kilo. Plain tea prices, however, were unchanged at 79p a kilo.

Merchants to study Pakistan cotton scheme

A DELEGATION of the Association of Cotton Merchants in Europe will visit Pakistan later this week for talks with Government and cotton officials over Pakistan's three-week ban on cotton exports, Mr. A. J. K. McBride the chairman of the Association, said yesterday.

He said indications from Pakistan's Cotton Export Corporation (CEC) are that Pakistan is willing to settle its contractual obligations either in money or deferment of shipment.

While merchants were not prepared to delay shipment any longer, settlement with buyers at prevailing prices would be acceptable, he said.

The delegation will have talks with the Pakistan secretary of commerce and the CGC over the ban.

Mr. McBride confirmed an earlier statement that the ban involved some 250,000

Snow-bound dairy farms face heavy milk losses

BY CHRISTOPHER PARKES

SNOW DRIFTS blocking country roads are preventing milk collection tankers from reaching remote dairy farms all over the country.

The Milk Marketing Board estimated yesterday that 10 per cent of production—some 100m litres a day—is not reaching the creameries. Losses could mount rapidly if the weather worsens.

Some farmers have delivered their output personally because their tractors and trailers can work in conditions unfit for heavy milk tankers.

But others, faced with brimming storage tanks and complete isolation are bound to pour away large quantities of milk. Milk Board policy generally precludes compensation payments for farmers hit by "natural" hazards.

The Milk Board said supplies had been diverted in some parts of the country to ensure that doorstep deliveries were maintained.

It hoped to keep the collection services running, but the Board was concerned at "very bad" weather forecasts for Thursday. Yesterday afternoon agents in the North reported heavy snowfalls in Lancashire.

Areas worst hit so far are North Devon, Dorset and Cornwall where a "very high" proportion of milk output is blocked in snowed-up holdings.

The National Farmers' Union said most complaints nationwide were about local authorities' slowness to clear drifts from country roads.

Warned well in advance by the weathermen and chastened by their disastrous experiences of last winter, farmers have generally been coping well with the blizzards and frosts.

The Ministry of Agriculture has had a handful of requests from farmers in the North, East and South West for helicopters to fly in fodder for livestock. But because the Ministry has demanded payment for both feed and helicopter hire, the requests have been withdrawn.

Even if there is no more snow, worse trouble can be expected when the thaw sets in, officials said. But for the time being farmers were managing to keep their farms running and their stock fed.

Few farmers were taken by surprise by the weather and managed to bring their stock close to shelter before the worst of the storms struck.

Supplies of hay and grass silage are plentiful and most livestock farmers have enough to ride out a lengthy spell of severe weather.

The National Farmers' Union only recently paid out some £400,000 compensation to livestock farmers who lost animals in last winter's storms. The Government gave £300,000 from a special Common Market relief contribution to top up the £110,000 collected by farmers themselves.

Last winter about 36,000 sheep and 800 cattle died—mainly in the West Country and Scotland—costing farmers about £1.7m.

Ertl 'no' to farm price freeze

BY CHRISTOPHER PARKES

A FREEZE on European Community farm prices, planned by the EEC Commission for the new season's prices and enthusiastically supported by the British Goverment, will not be tolerated by Herr Josef Ertl, the West German Agriculture Minister.

"One-sided sacrifices are unacceptable," he wrote in a special report for Foodnews, an international food trade weekly.

"They would endanger the social peace of our country," he added.

Proposals being mooted in Brussels would, if carried through, result in a freeze or even a reduction in prices for German farmers while British, French and other EEC farmers might get a rise through adjustments in the way prices are translated into national currencies.

Herr Ertl claimed that contrary to popular belief British farmers were "considerably" better off than their German counterparts when their earnings were compared with incomes in other industries.

In the past three years, Herr Ertl said, EEC farm prices had risen by 25 per cent. But fluctuations in currency values and manipulation of the Community's system of monetary compensatory amounts had reduced this to only 16 per cent for German producers.

At the same time, prices in the UK had gone up 60 per cent. In France and Denmark increases were about 40 per cent, and some Italian producers profited from increases of up to 120 per cent.

Herr Ertl attributed most of the blame for the Nine's surpluses of milk, sugar and cereals to rising production against a background of stagnating or even declining consumption.

But he pointed out that the political obligation to import 1.4m tonnes of cane sugar a year from tropical producers and 120,000 tonnes of butter from New Zealand, also contributed to imbalance.

But in the interest of peace in world trade the German minister said the only solution to EEC surpluses had to be a cut in the amount of food produced in Europe.

Kenyan sugar project

A large new sugar project costing about £50m is being established in Kenya's South Nyanza province near Lake Victoria.

Partly Government-owned, it is to be managed by the Mehta group of companies which had large sugar interests in Uganda before President Amin's purge of Indian businessmen.

Loans have been provided by the Industrial Development Bank of India ($6.2m), the World Bank ($25m), the European Investment Bank ($13.2m), the African Development Bank ($5.5m), the DG Bank of West Germany (DM11.5m), EXIM of the U.S. ($3.4m) and the East African Development Bank ($2.4m).

Cash lead surges to new high

By John Edwards, Commodities Editor

LEAD PRICES surged upwards again on the London Metal Exchange yesterday as the squeeze on supplies tightened.

Cash lead rocketed by £27 to reach an all-time high of £471.5 a tonne. The three months quotation gained £11.5 to £424.5, still below the peak of £447 reached in March 1977.

Demand for cash lead continued to be boosted by covering against the shortfall in production by the big Metallgesellschaft refinery in West Germany, temporarily closed by a fire last week.

At the same time another fall in lead stocks, down by 550 tonnes, reduced total holdings in LME warehouses to 15,475 tonnes, the lowest level since October 1974.

Speculative interest was further stimulated by reports of renewed Soviet Union buying, and suggestions that the cold spell hitting the U.S. and Europe would bring increased demand for batteries, the main outlet for lead.

In the U.S. two major producers, St. Joe and Asarco, announced a rise of 2 cents to 40 cents a lb in their base domestic lead prices.

Other base metals initially followed the rise in lead, but fell back later following the rise in the value of the dollar against sterling.

As expected copper stocks resumed their downtrend, after the previous week's rise, falling by 2,725 tonnes to a total of 373,650 tonnes. Tin stocks fell by 40 to 1,585 tonnes and zinc by 1,175 to 69,550 tonnes.

As indicated on Friday, the first aluminium stocks figure was 3,075 tonnes. LME silver holdings rose by 50,000 to 22,960,000 ounces.

THAILAND CURBS TOPIOCA EXPORTS

BANGKOK — The Thai Government has imposed controls on the export of Tapioca products, a royal decree announced yesterday. Tapioca exports now require prior approval from the Commerce Ministry.

The announcement, from the Prime Minister's office, said that because of heavy exports of tapioca the Government will control exports to ensure Thailand honours export commitments. Reuter

NZ WOOL INDUSTRY

Price slide ends as demand picks up

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND wool producers and traders are confident the slide in wool prices in October and early November has been halted and that 1979 will see prices improving, demand picking up and greater stability in the market.

The average price for the 1978-79 season will be around 207 cents a kilo—the level reached in the last sales of the year.

In the five months since the season opened in July the market has fluctuated widely, with prices swinging from a peak of 213.4 cents down to 199.6 cents a kilo.

It started to climb again at the last few sales of 1978 and this improvement is likely to continue in 1979. A seasonal average of 207 cents a kilo now appears a realistic forecast, with a possible variation of two or three cents either way, depending on the future behaviour of the U.S. dollar.

Last season when the wool price was 200 cents a kilo the NZ Wool Board was forced to intervene and provide massive support for the market. To maintain the price it bought large quantities of wool and put these into the stockpile.

This is not happening this season. Apart from some modest intervention during the weak sales in October, the board has been selling instead of buying.

In the past five months it has sold one-third of the stockpile. The season opened in July with a stock of 210,000 bales. This was reduced to 140,000 bales at the end of the year.

The board is particularly pleased that the disposal of 70,000 bales from the stockpile in less than five months has not affected the market price or demand.

Demand

All the current season's clip so far offered has been sold. This is a reflection of the improved demand from wool-using countries. Forecasts for 1979 sales indicate the demand will continue, allowing NZ to sell all the current season's clip. This will be the first time this has happened for three years.

New Zealand also has more wool than it expected to sell this season. Production is up 2 per cent providing an additional 3,000 to 5,000 bales. Total production will be between 315,000 to 317,000 bales. This is much better than originally forecast. The long, and in some areas disastrous drought last summer was expected to reduce production, but extremely good winter growing conditions made up for this. Sheep numbers are also up slightly.

These factors could have depressed the market but did not do so. Coming into 1979 there is an air of quiet confidence in the NZ wool industry.

Buying countries do not have large stocks. Increased interest from China—which has already bought some wool this season—is expected. Demand from what is now being called the "North West Pacific" area—China, Japan, Korea and Taiwan—has improved with increased shipments to all these countries.

The softening of the U.S. dollar brought out more business, while world carpet sales seem to be picking up. New Zealand's domestic mills are buying more wool despite the internal recession, and their purchases are going into export carpet production.

Increased demand at home and in export markets has more than compensated for a drop in sales to Iran, other Middle East countries and to some European markets.

The only uncertain factor is the effect of the U.S. Government's efforts to support the dollar. There is some apprehension that if the measures prove too harsh they may force Japanese and European buyers to cut back imports.

U.S. raises meat import quotas

BY NANCY DUNNE

WASHINGTON — President Carter has decided to increase meat imports by 5.2 per cent in 1979 to limit a predicted sharp rise in domestic beef beef prices.

The announcement, made by the Agriculture Department, was underscored by the simultaneous release of farm prices for cattle, hogs, eggs, calves and soyabeans, which in December rose 3 per cent and over the year rose 22 per cent.

The American Meat Institute, noting a decline in herd sizes, predicted that beef prices would rise by 40 to 50 cents a pound this year. The National Cattlemen's Association, however, estimated that choice beef prices would be no higher than 10 per cent above current levels.

Last June the President infuriated U.S. cattlemen by raising the limit on beef imports from 1.3bn to 1.5bn lbs. In July he backed away from using import controls as a strong inflation fighting tool

The new quota will allow the import of 1.57bn lbs of fresh, chilled and frozen beef, veal, mutton and goat meat.

Cut forecast in S. African maize crop

By Quentin Peel

JOHANNESBURG — Maize producers in South Africa are predicting that the 1979 crop will be reduced by between 2m and 3m tonnes because of drought conditions in the principal growing areas.

A drop in production of that magnitude—from last year's 9.2m tonnes to perhaps less than 7m tonnes—would primarily affect South African exports, which this year were expected to reach 3.5m tonnes. Domestic consumption is estimated at between 6m and 6.5m tonnes.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier on the London Metal Exchange although forward metal enjoyed an early rise from £786 to £788 in sympathy with lead. But there was no followthrough and in the afternoon the price fell in line with Comex, which reacted to the rise of the dollar. A low of £782 was touched before a close on the Kerb of £782.5. Turnover: 17,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	770-1	—2.5	768.5-9.5	—4
3 months	786.5-6	—1	784-.5	—2.5
Settl'm.nt	771	—2.5	—	.....
Cathodes				
Cash	757-.5	—1.25	752-4	—5.5
3 months	774-.5	+.5	771-.5	—2.5
Settl'm.nt	757.5	—1.5	—	.....
U.S. Smt.	—	.....	*72-3	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £770, 770.5, three months £787.5, 87, 86, 86.5, 86. Cathodes cash £757, 57.5, three months £774.5. Kerb: Wirebars three months £786.5, 87.5. Afternoon: Wirebars three months £785, 85.5, 84.5, 84. Cathodes three months £771, 71.5. Kerb: Wirebars three months £782, 82.5, 83, 82.5, 82, 82.5, 83. Cathodes three months £772.5.

TIN—Fell away in quiet trading. Forward metal started at £6,855 after a net rise in the East over the week-end, but slipped to £6,790 on nervous liquidation, hedge selling against Eastern intake and stop-loss selling before merchant buying rallied the price to £6,850. Thereafter price movements were small with the market remaining steady on the fall of sterling. The close on the Kerb was £6,840. Turnover: 725 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6950-60	—50	6940-55	—32.5
3 months	6830-50	—65	6845-50	—52.5
Settlem't	6960	—50	—	.....
Standard				
Cash	6940-5	—42.5	6940-50	—35
3 months	6815-20	—45	6840-5	—30
Settlem't	6945	—45	—	.....
Straits. E.	$1820	+8.5	—	.....
New York	—	.....		.....

Morning: Standard cash £6,940, 45, three months £6,830, 20, 6,800, 6,790, 6,800, 05, 15, 20. High Grade cash £6,950. Kerb: Standard three months £6,820, 40, 45, 50, 55. Afternoon: Standard three months £6,830, 40, 45. Kerb: Standard three months £6,845, 40.

LEAD—Strong as the market responded to heavy covering of nearby material in the aftermath of the German smelter fire. The backwardation widened but then came in during late trading. Forward metal rose from £412 to £420 during the pre-market. After holding around £419-£420 the price continued its advance and touched £425 during the afternoon. Part of this latter rise was due to currency movements. The close on the Kerb was £424.75. Turnover: 16,500 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	458-9	+14	472-3	+27
3 months	419.5-20	+6.75	424-5	+11.5
Sett'ment	459	+14	—	.....
U.S. Spot	—	.....	*36.36	.....

Morning: cash £455, 58, 58, 59, three months £418, 19, 20, 19.5, 20. Kerb: £460, three months £420, 21, 21.5, 22, 22.5. Afternoon: cash £476, three months £421.5, 22, 24, 24.5, 24, 23.5, 25, 26, 27, 26.5, 25. Kerb: three months £424, 24.5, 25, 24.5, 24, 25.

ZINC—Slightly easier in thin trading although forward metal was initially influenced by lead and rose from £356 to £359. Thereafter a lower trend developed and the price drifted away to close on the Kerb at £353.5. Turnover: 5,800 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	344.5-5	—2	344.5	—2.25
3 months	354.5-5	—1.25	354-5	—1
S'ment	345	—2	—	.....
Prim.west	—	.....	*32.5-4.5	.....

Morning: cash £344.5, three months £357, 56, 55, 54.5. Kerb: three months £355. Afternoon: cash £345, 44.5, three months £355, 54.5, 54, 54.5, Kerb: three months £354.5, 53.

ALUMINIUM—Lost ground in quiet conditions. Forward metal was marked down to £615.5 and then traded at £616.5. Turnover: 500 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£		£	
Spot	616.5-7.5	—4.75	617-.5	—4.5
3 months	615-6	—2.25	616-7	—1.25

Morning: early January £619, three months £616, 15.5. Afternoon: three months £616, 16.5.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.8p an ounce higher for spot delivery in the London bullion market yesterday at 296.9p. U.S. cent equivalents of the fixing levels were: spot 608.3c, up 6.2; three-month 622.0c, up 6.6c; six-month 635.3c, up 5.4c; and 12-month 663.1c, up 4.0c. The metal opened at 295½-296½p (605-606½c) and closed at 295-296p (600-602c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	296.9p	+0.8	295p	—2.05
3 months	304.25p	+1.05	302.5p	—1.55
6 months	311.35p	+0.55	—	.....
12 months	326.75p	—0.25	—	.....

LME—Turnover 128 (116) lots of 10,000 ozs. Morning: Three months 303.8, 304. Afternoon: Three months 302.6, 2.8, 2.9, 303, 302.8, 2.6, 2.7. Kerbs: Three months 302.5, 2.3, 2.1, 1.9, 1.8, 1.5, 1.7, 1.8.

COCOA

Cocoa futures were influenced by currency considerations with a weaker dollar causing prices to ease £30 lower than Friday's close, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1956.0-58.0	—34.5	1985.0-52.0
May	1971.0-72.0	—31.5	2007.0-1967
July	1976.0-77.0	—32.0	2000.0-1976
Sept	1985.0-87.0	—26.5	2016.0-2000
Dec	1968.0-88.0	—25.5	2000.0-1985
March	1985.0-90.0	—23.0	2020.0-1986
May	1976.0-90.0	.....	2015.0-1985

Sales: 3,009 (4,759) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price for Dec. 29 179.87 (180.68). Indicator price for Jan. 2: 15-day average 178.05 (178.15): 22-day average 179.80

COCOA—Francs per 100 kilos: March 1,635-1,639, May 1,654-1,658, July 1,655-1,675, Sept. 1,656 bid, Dec. 1,625/1,640, March 1,620 bid. Sales at call 4 Cumulative total 24. Friday's official turnover 610. Easy.

COFFEE

ROBUSTAS were steady within a narrow range until trade buying late in the day firmed values across the board, Drexel, Burnham Lambert reported. There was some widening of differentials in the nearby positions in the afternoon but selling pressure from one house in the January position on the close mitigated this somewhat. Final values were £10 higher on balance.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1478-1480	+7.0	1490-1475
March	1335-1337	+16.5	1337-1317
May	1250-1252	+14.5	1250-1258
July	1207-1208	+18.5	1210-1200
September	1173-1174	+6.5	1175-1166
November	1140-1146	—0.5	1146-1140
January	1115-1135	—0.5	—

Sales: 2,554 (4,234) lots of 5 tonnes.

ICO Indicator prices for Dec. 29 (U.S. cents per pound): Colombian Mild Arabicas 172.75 (same); unwashed Arabicas 143.00 (same); other Mild Arabicas 130.67 (same); Robustas ICA 1976 to 129.50 (same); Robustas ICA 1968 130.50 (same). Daily average 130.09 (same).

GRAINS

WHEAT M'nth	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan	91.95	+0.05	83.45	+0.15
Mar	93.90	+0.05	85.80	+0.10
May	96.40	+0.05	88.40	+0.15
Sept.	89.80	.....	83.80	+0.10
Nov	92.65	.....	86.65	+0.10

Business done—Wheat: Jan. 92.10-91.90, March 94.05-93.90, May 96.55-96.40, Sept. nil, Nov. nil. Sales 78. Barley: Jan. 83.45-83.40, March 85.90-85.80, May 88.40-88.30, Sept. nil, Nov. nil. Sales 61.

HGCA—Location ex farm spot prices. Feed wheat: Berks and Oxon 88.50. Feed Barley: NE England 80.00, Berks and Oxon 80.20.

The UK monetary coefficient for the week beginning January 8 is expected to remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for Jan. 3 in order of current levy plus Feb., March and April premiums (with previous in brackets) all in units of account per tonne. Common wheat: 84.76, rest nil (84.76, rest nil). Durum wheat: 122.71, rest nil (122.71, rest nil). Rye: 87.57, rest nil (87.57, rest nil). Barley: 90.61, 3.81, 3.81, 3.81 (90.61, rest nil). Oats: 85.14, rest nil (85.14, rest nil). Maize (other than hybrid for seeding) 81.92, 0.15, 0.15, nil (91.92, rest nil). Buckwheat: 3.59, rest nil (3.59, rest nil). Millet: 70.72, rest nil (70.72, rest nil). Grain sorghum: 81.69, nil, nil, 1.22 (79.86, nil, nil, 3.05). Flour Levies—Wheat or Mixed Wheat and Rye Flour: 130.15 (130.15). Rye Flour: 134.08 (134.08).

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing on a weaker note. Lewis and Peat reported the Malaysian go-down price was 237 (238) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb	56.00-56.05	56.50-56.55	56.40-56.05
Mar	56.75-56.90	57.35-57.40	57.20-56.75
Apr-Jne	58.00-58.10	58.70-58.75	58.50-58.00
Jy-Sept	60.25-60.30	60.95-61.05	61.00-60.25
Oct-Dec	62.50-62.60	63.25-63.30	63.15-62.45
Jan-Mar	64.85-64.95	65.55-65.65	—
Apr-Jne	67.15-67.20	67.90-67.95	67.55-67.45
Jy-Sept	69.40-69.45	70.30-70.35	69.95-69.45
Oct-Dec	71.60-71.70	72.55-72.60	72.20-71.70

Sales: 14 (44) lots of 5 tonnes, 102 (341) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 56.5p (56.0); Feb, 57p (57.75); March 57.5p (58.25).

COTTON

COTTON—Spot and shipment sales in Liverpool amounted to 57 tonnes. Trading was limited after the holidays and only scattered interest was displayed in various American type styles. Spinners were slow to take up further supplies.

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	124.90-25.0	+0.60	25.00-25.70
April	122.40-22.5	+0.10	22.50-22.00
June	120.90-21.5	+0.55	21.10
August	121.60-21.8	+0.40	—
October	121.70-23.5	—0.30	—
December	121.00-23.5	—0.50	—
February	120.60-26.0	—0.25	—

Sales: 35 (36) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £94.00 (same) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £93.00 (same).

Irst trades were around pre-holiday levels but the market lacked buyers and prices soon declined, reported C. Czarnikow. Losses of up to 125 points were recorded before scattered arbitrage buying developed following higher New York prices. By the close half the losses had been recovered.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	102.90-02.95	103.25-03.50	03.50-02.50
May	105.15-05.20	105.50-05.75	05.75-04.70
Aug	108.90-08.95	108.50-09.00	08.50-08.60
Oct	111.80-11.85	112.65-12.85	12.50-11.60
Dec	114.50-14.70	115.24-15.40	—
March	118.50-18.00	119.25-19.75	60.75
May	120.55-22.00	121.25-23.00	—

Sales: 908 (1,869) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £167.00 (£167.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Dec. 29: Daily 7.69 (7.64); 15-day average 8.04 (8.05).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 86.00, 89.00, nil, five; April 96.00, 98.00, nil, nil; July 102.75, 103.50, 102.50, 18; Sept. 109.90, 110.00, nil, nil; Nov. 115.75, 116.00, nil, nil; Feb. 121.50-122.25, nil, nil; April 126.00, 127.00, nil, nil. Sales: 23.

WOOL FUTURES

LONDON—The market was quiet, reported Bache.

(Pence per kilo)

Australian Greasy Wool	Y'sterd'ys Close	+ or —	Business Done
March	218.0-25.0	.....	—
May	224.0-33.0	.....	—
July	231.0-40.0	.....	—
October	234.0-40.0	.....	—
December	235.0-42.0	.....	—
March	236.0-44.0	.....	—
May	239.0-50.0	.....	—
July	239.0-50.0	.....	—

Sales: 0 (same) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 350.0, 351.5, 350.5-350.5, 3; May 358.8, 360.0, nil, nil; July 361.8, 363.0, nil, nil; Oct. 364.0, 365.5, nil, nil; Dec. 368.8, 370.5, nil, nil; March 370.5, 372.5, nil, nil; May 372.0, 374.0, nil, nil; July 373.0, 377.0, nil, nil. Sales: 3.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). March 183.0, 185.0; May 184.0, 186.0; July 186.0, 190.0; Oct. 188.0, 193.0; Dec. 191.0, 197.0; March 192.0, 198.0; May 193.0, 199.0; July 193.0, 199.0. Sales: Nil.

MEAT/VEGETABLES

SMITHFIELD (Pence per pound)—Beef: Scotch killed sides 8.0 to 60.0; Eire hindquarters 72.0 to 74.0, forequarters 40.0 to 42.0.

Veal: Dutch hinds and ends 100.0 to 106.00.

Lamb: English small 56.0 to 64.0, medium 54.0 to 58.0, heavy 48.0 to 52.0; Scotch medium 52.0 to 58.0, heavy 48.0 to 52.0. Imported frozen: New Zealand YLs 48.0 to 48.0.

Pork: English, under 100 lb 36.5 to 45.5, 100-120 lb 36.5 to 45.0, 120-160 lb 35.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on week ending December 30. GB cattle 71.75p per kg. l.w. (+1.22). UK sheep 137.5p per kg. est. d.c.w. (+3.4). GB pigs 66.2p per kg. l.w. (+4.0). England and Wales: Cattle numbers down 1.5 per cent, average price 71.69p (+1.95). Sheep numbers up 4.6 per cent, average price 137.3p (+3.0). Pig numbers down 58.5 per cent, average price 66.2p (+4 Scotland: Cattle numbers down 40.7 per cent, average price 71.89p (+0.10). Sheep numbers down 9.2 per cent, average price 137.6p (+6.2). Pig numbers down 44.9 per cent, average price 64.7p (no change).

MEAT COMMISSION—Average fatstock prices at representative markets on January 2. GB cattle 71.31p per kg.l.w. UK sheep 139.5p per kg.est. d.c.w. GB pigs 62.9p per kg.l.w. England and Wales: Cattle average price 71.31p. Sheep average price 139.5p. Pig average price 62.9p. No Scottish figures due to holiday and no changes due to holiday last week.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Lemons—Italian: 120s new crop 5.25-5.75; Cypriot: trays 4.00-5.00, boxes 80/180s 4.50-6.50; Californian: cartons 90/165 6.00-8.00. Oranges—Spanis: Navel/Navelines 3.50-4.30; Egyptian: Baladi 2.80-3.20; Greek: Navels 20 kilos 3.60-3.80; Israeli: 4.80-5.06. Sevilles—Spanish: 6.00-6.50. Clementines—Cypriot: 10 kilos 3.20-3.60; Moroccan: 3.20-4.20. Satsumas—Spanis: trays 2.20-2.60. Grapefruit—Texas: Red Blush 4.50-4.60; Florida: 4.60; Cypriot: 2.20-3.60; Israeli: Jaffa 40/75 3.40-3.60. Apples—French: Stark Crimson 40 lb 138/163s 4.40-5.30, 20 lb 84s 1.70-2.00, 72s 2.20-2.40, Golden Delicious 20 lb 72s 2.00-2.40, 84s 1.80-2.00, 40 lb 138/163/175s 3.50-4.00, jumble pack, per pound 0.07; Granny Smith 20 lb 72s 1.90-2.20, 84s 1.70-1.90, large boxes 138/150/163 3.60-4.40, jumble pack 55/60 31 lb per pound 0.06-0.07. Bananas—Jamaican: per pound 0.13-0.15. Grapes—Spanish: Almeria 3.30-3.50, Negri 3.50-3.80; Californian: Red Emperor 20/23 lb 8.00. Avocados—Israeli: 3.30-3.50. Melons—Spanish: Green 5.80-6.00, 15-kilo boxes 8/12s 10.00. Onions—Spanish: 3.00-4.80; Dutch: 2.00-2.20. Tomatoes—Spanish: 1.00-3.00; Canary: 3.30-4.20. Cucumbers—Canary: 10/16s 3.20-3.60. Capsicums—Canary: 0.25. Cauliflowers—Jersey: 24 8.00-8.50. Lettuces—Dutch: 24s 4.00-4.50. Celery—Spanish: 15/30s 5.50-6.50; French: 5.00-5.50. Potatoes—Italian: boxes 20 lb 3.60-3.80. Peaches—S. African: 23/28s 2.00-2.50. Apricots: S. African: per pound 0.50-0.55. Dates—Algerian: per glove box 0.38-0.43; Californian: tubs 0.30. Walnuts—Californian: per pound 0.40; Chinese: 0.30-0.31. Brazils—per pound LWM 0.42-0.44, Tocantins 0.36-0.37. Almonds—Spanish: semi-soft per pound 0.42, hard shell 0.30. Chestnuts—Italian: 10 kilos 4.50-6.50; Spanish: 5 kilos 2.50-4.00, 10 kilos 4.40-5.80; Portuguese: 5.00-5.50. Filberts—Italian: per pound 0.30-0.31. Pecan Nuts—Californian: per pound 0.60.

English Produce: Potatoes—per 25 kilos 1.70-2.00. Lettuces—per 12 round 2.00-2.20. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley 0.08-0.12. Cox's Orange Pippin 0.05-0.13; Worcester Pearmain 0.04-0.05; Russets 0.06-0.09; Spartan 0.08-0.10. Pears—per pound Conference 0.10-0.12. Comice 0.14-0.18. Cabbages—per crate 2.00. Celery—crates 14/18s 2.00-2.20. Cauliflowers—per 12s Kent 4.50. Beetroots—per 28 lb 1.50. Carrots—per 28 lb 2.50-2.80. Capsicums—per pound 0.30. Onions—per bag 1.50-2.00. Swedes—per 28 lb 1.50. Turnips—per 28 lb 2.50. Parsnips—per 28 lb 2.50. Sprouts—per pound 0.14-0.16.

ZAIRE METALS MONOPOLY URGED

KINSHASA — The Zairean Parliament urged the Government to make Sozacom, the country's metals marketing agency, the only company responsible for producing and marketing Zaire's minerals.

It passed a resolution asking the Cabinet to re-examine immediately all existing contracts between Zaire and oreign companies.
Reuter

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Jan. 2 1979	+ or —	Month ago
Metals			
Aluminium	£710	.....	£710
Free market (cif)	$1,280/20	.....	$1,150/80
Copper cash W Bar	£769	—4.0	£772.5
3 months do. do.	£784.25	—2.5	£790.25
Cash Cathode	£753	—5.5	£762
3 months do. do.	£771.25	—2.5	£779.5
Gold Troy oz.	$226.375	—1.0	$196.5
Lead cash	£471.5	+27.0	£432.5
3 months	£424.5	+11.5	£405.5
Nickel	‡	.....	‡
Free Market (cif)(lb)	$1.65 1.75	.....	$1.58 1.80
Platinum troy oz.	£152	.....	£156
Free Market	£171.8	—1.7	£169.75
Quicksilver	$150/170	.....	$143/48
Silver troy oz.	296.9p	+0.8	306.9p
3 months	304.25p	+1.05	314.5p
Tin cash	£6,950	—55.0	£7,495
3 months	£6,842.5	—28.0	£7,387.5
Tungsten (z)	$145.56	.....	$141.86
Wolfrm 22.04 cif	$134/140	.....	$138/45
Zinc cash	£344.5	—2.25	£358.25
3 months	£354.5	—1.0	£348.5
Producers	$720	.....	$720
Oils			
Coconut (Phil)	$925q	+5.0	$860
Groundnut	‡	.....	‡
Linseed Crude	£354	.....	£338
Palm Malayan	$615r	.....	$595
Seeds			
Copra Philip	$625q	.....	$565
Soyabean (U.S.)	‡	.....	$280
Grains			
Barley			
Home Future	£85.8	+0.1	£86.6
Maize			
French No. 3 Am	£107.25t	.....	£106
Wheat			
No. 1 Red Spring	£97.25	—0.5	£95.75
No.2 Hard Winter	£84.25	+0.25	£90.5
English Milling †	£95.5x	.....	£94
Other Commodities			
Cocoa Shipment	£2,022	.....	£2,182.5
Future Mar	£1,971.5	.....	£2,122.0
Coffee Future Mar	£1,335	+16.5	£1,278.5
Cotton 'A' Index	78.45c	+0.3	80.55c
Rubber kilo	55.5p	—0.5	58.75p
Sugar (Raw)	£94	.....	£100
Wooltops 64s (kilo)	270p	.....	274p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. q Jan.-Feb. r March. t Feb. x per ton. z Indicator.

INDICES

FINANCIAL TIMES

Dec. 29	Dec. 28	Month ago	Year ago
257.69	257.51	265.03	235.55

(Base: July 1, 1952=100)

REUTERS

Jan. 2	Dec. 29	Month ago	Year ago
1494.5	1496.0	1515.6	1421.9

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 29	Dec. 28	Month ago	Year ago
Spot	384.71	384.47	397.78	342.20
Futures	383.58	382.57	395.37	332.17

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 29	Dec. 28	Month ago	Year ago
Sple Commty	978.4	977.4	983.4	888.9

(December 31, 1931=100)

RECORD CZECH GRAIN CROP

PRAGUE — Czechoslovakia had the biggest grain harvest in its history last year, nearly 11m tonnes, President Gustav Husak said in a New Year message to the nation.
Reuter

AMERICAN MARKETS

NEW YORK, Jan. 2.

Cocoa—March 173.35 (176.75), May 174.05 (177.30), July 174.20, Sept. 174.10, Dec. 172.85, March 171.85, Sales: 1,096.

Copper—Jan. 68.55 (69.60), Feb. 69.25 (70.30), March 70.05, May 71.55, July 73.90, Sept. 74.00, Dec. 75.30, Jan. 75.75, March 76.65, May 77.55, July 79.15, Sept. 79.35.

*Gold—Jan. 222.00 (227.00), Feb. 224.40 (229.00), March 226.10, April 228.20, June 232.30, Aug. 236.40, Oct. 240.60, Dec. 244.90, Feb. 249.20, April 253.50, June 257.90, Aug. 262.30, Oct. 266.80.

Potatoes, Round Whites—March 5.63 (5.55-5.61), April 5.87-5.90 (5.85-5.88), May 6.84-6.88, Nov. 5.65-5.69, March 6.40-6.44, April unquoted, May 7.85-8.00. Estimated sales 1,406, previous actual sales 870.

¶Silver—Jan. 600.00 (606.00), Feb. 602.60 (609.80), March 606.50, May 614.30, July 622.80, Sept. 631.30, Dec. 644.80, Jan. 649.50, March 659.00, May 668.60, July 678.20, Sept. 687.90. Handy and Harman spot 596.60 (607.40).

CHICAGO, Jan. 2.

†Lard—Chicago loose 23.75. NY prime steam not available (25.00 traded).

Live Hogs—Feb. 49.80-49.85 (49.10-49.12), April 46.50-46.45 (45.72-46.47), June 47.65-47.70, July 47.80, Aug. 45.80 asked, Oct. 43.67-43.50, Dec. 44.85, Feb. 45.40 bid, April 43.80 bid. Sales: 6,126.

‡‡Maize—March 231¼-231½ (231¾), May 240¼-240¾ (240½), July 248, Sept. 248¾, Dec. 252¾, March 261.

Plywood—Jan. 218.9 (217.8), March 215.6 (214.9), May 210.5, July 207.5, Sept. 204.0, Nov. 200.5, Jan. 201.5.

Pork bellies—Feb. 57.55-57.55 bid (55.55-57.55), March 57.25-57.25 bid (55.25-57.25), May 58.27-57.27 bid, July 58.85, Aug. 57.62-57.67. Sales: 3,822.

Shell eggs—Jan. 57.10-57.20 (56.10-57.15), Feb. 54.45 (53.70-54.45), March 54.20, April 49.90, May 59.90, Sept. 56.90. Sales: 181.

Silver—Jan. 59.70 (60.57), Feb. 60.10-60.15 (61.02), April 61.05-61.00, June 61.90, Aug. 62.80, Oct. 63.75, Dec. 64.75, Feb. 65.60, April 66.55, June 67.50, Aug. 68.50, Oct. 69.50, Dec. 70.55, Feb. 71.60, April 72.65, June 73.75, Aug. 74.90 nom.

Soyabeans — Jan. 674-675 (676½), March 688-688½ (690½), May 697½-697, July 702½-703, Aug. 697½, Sept. 675, Nov. 664½-665, Jan. 673.

‖Soyabean Meal—Jan. 189.50-189.80 (189.80), March 188.60-188.90 (189.30), May 187.50-187.70, July 188.00, Aug. 188.20-188.50, Sept. 187.00, Oct. 185.50, Dec. 185.30-185.00, Jan. 185.40-185.50.

Soyabean Oil — Jan. 24.65-24.70 (24.57), March 24.70-24.65 (24.73), May 24.65-24.60, July 24.60, Aug. 24.55, Sept. 23.95-24.00, Oct. 23.60, Dec. 23.45, Jan. 23.35, March 23.20-23.05.

**Wheat—March 340½-341 (343½), May 331-331¼ (333½), July 319-318¾, Sept. 324¾, Dec. 336.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$s per tonne.

EUROPEAN MARKETS

COFFEE—Prices in francs per 100 kilos: Jan. 1,200-1,300, March 1,175-1,180, May 1,120-1,122, July 1,055-1,077, Sept. 1,049-1,065, Nov. 1,015-1,030, Jan. 1,000-1,030.

Sales at call: 3, acumulative total: 25. Friday's official turnover: 280. Mixed.

Sugar—Francs per tonne. March 78.5-78.8, May 83.0-83.5, July 83.0-84.0, Aug. 87.6-88.5, Oct. 90.5-92.5, Nov. 90.0-92.0, Dec. 91.5-94.5, March 96.0-99.0.

Sales at call one. Acucmulative total later. Friday's official turnover 5,050. Quiet.

Soyabeans U.S. Yellow Gulf ports—Jan. 275.75, Feb. 280.25, March 280.75, April 281.75, May 281.70, June-July-Aug. 283.25, Sept. 282.50, Oct. 268, Nov. 267, Dec. 270.25, Jan. 273.75, Feb. 276.

New Year Press tips assist slow advance in equities but overall business remains at disappointing level

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

The New Year began in stock markets yesterday in much the same fashion as the old year departed with investors preoccupied with the political situation in Iran and the effect it is having on domestic oil supplies—British Petroleum confirmed yesterday *that crude oil* deliveries to customers will be cut by 30 to 35 per cent during the first three months of the year.

With other current background influences also unfavourable, including the still unresolved *tanker drivers' dispute* and its threat to oil supplies together with the obscure outlook regarding pay in general, the volume of *business in stock markets* remained extremely light. Early attendance was affected by the bad weather and the consequent travel *difficulties but even after* numbers had later improved the overall market scene showed little interest to have emerged with firm features *generally* limited to stocks which figured as New Year investment recommendations.

The usual spate of activity usually associated with New Year tips failed to materialise but the resulting minor rises gave the equity market *a firm* undertone and subsequently encouraged a small advance in selected *leading issues*. **Beecham**, for example, stood out with a rise of 10 to 632p, but **British Petroleum** stayed out of favour by moving in the opposite direction to close 12 down at 894p.

Despite the fall in the latter, the fractional gains secured by other leaders enabled the F.T. Industrial Ordinary share index to close a net 2.1 higher on balance at 473.0, after having been 1.1 lower at the first calculation of the day. Official markings totalled 2,465 which was slightly less than Friday's 2,555.

British Funds had another uninspiring day, small sales depressing the shorts which, apart *from occasional firmness* in selected low-coupon and variable issues, recorded losses extending to 3-16ths. The medium-and *longer-dated stocks were virtually* untested but after the official close shed ¼ on speculation that the Shell tanker drivers had rejected the company's latest offer.

After moving between extremes of *82½* and *81* per cent, the investment currency premium closed ¼ higher at 82¼ per cent with the firmer tendency at the close due mainly to the late strengthening of the dollar. Yesterday's SE conversion factor was *0.6997 (0.7004)*.

Interest in the Traded Options market remained at a low ebb. Only 241 contracts were completed and over 50 per cent of those were dealt in two stocks—**Marks and Spencer**, 94, and **Consolidated *Gold Fields***, 43.

The major clearing banks made progress in response to Press comment. A modest demand helped **Lloyds** to close 7 to the good at 287p and prompted improvements of 5 in **Barclays**, 365p, **Midland**, 355p, and **Nat-West**, 285p. **Bank of Scotland** appreciated 5 to 280p. Elsewhere, **UDT** were notable for a rise of 3 to 44p.

Insurances recorded small gains after a thin trade. **Provident Life A** closed at 138p, up 6, *ex the 10 per cet scrip issue* and following the enfranchisement of the B shares.

Brewery issues ended an idle day narrowly mixed.

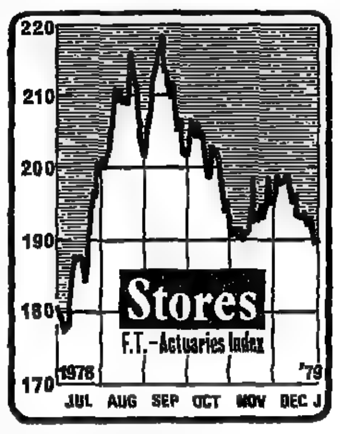
Buildings for the most part held close to overnight levels in a thin trade. Timber issues tended easier with **International** 3 cheaper at 119p and **Bambergers** 1½ off at 74½p. Elsewhere, **Johnson - Richards Tiles** attraced a little support and firmed 4 to 109p, while **Marley**, 73p, and **Bryant**, 50p, held Press-inspired gains *of a penny or so*. **Redland** added 2 to 164p, as did **Royco**, at 38p, but **Magnet and Southerns** eased that *much to 132p*. ***James Latham*** moved up 3 to 138p xd and, in the leaders, **Blue Circle** displayed the only movement of note at 272p, up 2.

Trade in the Chemical leaders remained at a low ebb with **ICI** unmoved on the day at 362p and **Fisons** a shade harder at 303p. **Alginate**, subject of an agreed 385p per share cash bid from **Merck Incorporated**, moved up 5 to 370p, and a little interest was shown in **Carless Capel** which hardened a penny to 29p.

H. Samuel up again

Price movements worthy of mention in Stores were confined to secondary issues, but **H. Samuel A** were again prominent, rising 8 afresh to 196p on *renewed demand ahead of the* interim results which are expected soon. Suspended in November on news of a bid approach, dealings were resumed in **Kean and Scott** following details of the 10p per share offer from Mr. Mostyn *Levein; opening* at 21p compared with the suspension price of 25p, the shares quickly advanced to close at 28p. **Bambers** ended 5 higher at 108p ex the scrip issue, while improvements of around 4 were sen in **Empire**, *183p*, **Freemans**, 122p, and **John Menzies**, 175pxd. Among Shoes, **Headlam Sims and Coggins** found support at 52p, up 4.

Noteworthy movements in the Electrical sector were mainly in response to New Year Press tips. **George H. Scholes** moved up 7 to 312p for this reason as did **Crellon**, 2 higher at 16p, and ***Higland Electronic***, 5 to the good at 51p. Fresh scattered buying interest was shown in **Sound Diffusion** which hardened 1½ to 66p. Leading issues edged a little higher in extremely quiet trading. **GEC** improved 3 to 323p and **Plessey** hardened a few pence to 108p.



Although business in the Engineering leaders was barely sufficient to test prices, the trend was to slightly higher levels. Assisted by Press mention, **Tubes** hardened 2 to 374p, while rises of a like amount were recorded in **Vickers**, 191p, and **John Brown**, 366p. Elsewhere, dealings resumed in **Anglo-Swiss** at 60p compared with the *suspension price of 29p following* news of the agreed bid from **Armstrong Equipment**, a penny dearer at 66p. Week-end Press mention stimulated a little interest in **Glynwed** which put on 3 to 102p, while others to improve for a similar reason included **Westland**, 2½ higher at 33½p, and **Delta Metal**, 1½ to the good at 68½p. Buying interest revived in **Edgar Allen Balfour**, up 4 at 59p, but scattered offerings left **Howard Machinery** 2 lower at 30p. **T. W. Ward** improved 2 to 79p awaiting today's preliminary results.

In quietly mixed Foods, **Cadbury Schweppes** eased a penny to 53p, but **Tate and Lyle** added a couple of pence to 186p following Press comment. Takeover favourites **Avana** and **Fitch Lovell** put on 2 apiece to 79p and 59p respectively. **Carr's Milling**, a good market since the announcement of the annual results, added another 3 to 72pxd, while **Bernard Matthews** found a little *support* and rose a *similar* amount to 174p and **Louise C. Edwards** held a Press-inspired gain of 2 at 26p. Vague takeover rumours lifted **J. M. Nichols** Hotels and Caterers tended fi-... *(Vimto)* another 5 to 265p. Hotels and Caterers tended firmer.

Beecham rise

Miscellaneous Industrial leaders got the New Year off to a slow but firm start. Interest was *minimal* but a modest investment demand helped **Beecham** to secure a rise of 10 at 632p. A dull market recently following *publicity given to a bearish* broker's circular, **Glaxo** picked up 2 to 510p, while similar improvements were seen in ***Boots***, *187p, and* ***Unilever***, 534p. Elsewhere, small interest was shown in those stocks which figured in the traditional list of investment recommendations for the New Year. Speculative support helped to lift **Gleves** a couple of pence to 99p and **Extel** advanced 2 more to 136p on further consideration of the increased stake recently taken in the group by Racal Electronics. **British Vita** put on 4 to 120p as did **Parker Knoll A** to 95p.

The Leisure sector attracted a *little more interest than most* with further publicity given to increased demand for foreign holiday bookings prompting a gain of 7½ more to 134½p in **Horizon Midlands** and a rise of 5 further to 192p in **Saga Holidays**. Mirroring Newspaper comment, **Barr and Wallace Arnold Trust A** firmed 3 to 110p.

Motors tended quietly on a little scrappy buying. **Lotus** responded to a Press recommendation by closing a penny harder at 50p after 51p. Among *Distributors*, ***Arlington***, *106p*, and **BSG**, 38½p, both added around 2, while **Henlys** at 125p, and **Lex Service**, 79½p, put on 1 *apiece*.

Leading Properties usually displayed modest improvements, but turnover left a lot to be desired. **English Property**, subject to a recent bid approach from the Dutch group **Wereldhave**, *hardened* ¼ *to* 38p, *and* **British Land**, following a Press mention, added a penny to 46p. **MEPC** firmed 1½ to 147p xd and **Stock Conversion** 2 to 288p. In secondary issues, **Bellway** found fresh support and improved 2½ *to 77p and, in a thin market*, **Hartley Industrial Trust** added 1½ to 38½p. By contrast, occasional offeringsg left **Bradford** and **United Real** 5 occasional offerings left respectively.

BP give ground

News that the company is to *cut its crude oil supplies* to customers by 30-35 per cent during the first quarter of 1979 due to the situation in Iran prompted fresh weakness in **British Petroleum** which fell afresh to close at the day's lowest of 894p, down 12. **Shell** tended easier in sympathy and reacted to 560p before settling only a penny cheaper on balance at 562p. Elsewhere, favourable Press mention left **Burmah** 3 to the good at 85p, but **Siebens** weakened afresh and closed 6 off at *236p*.

S. and W. Berisford, a dull market recently among Overseas Traders, recovered 4 to 154p.

Trusts closed with narrow irregular movements. Among the scattered improvements, **Caledonia B** firmed 2 to 71p and **Leda Capital** 1½ to 25p. **Yule Catto**, up 3 at 70p, provided one of the few noteworthy *movements in Financials*.

Hunting Gibson responded to Press mention with a rise of 6 to 104p, after 106p, but little else worthy of note developed *in the Shipping sector*.

In Textiles, **John Foster** rose 1½ *to a new peak of 52p following* news that Commercial Union had increased its holding in the company to 7.64 per cent. Elsewhere, business was at a virtual standstill and only the odd movement was observed. **Harold Ingram** improved 2 in a thin market to finish at 38p, while **Tern-Consulate** firmed a penny to 70p after a good weekend Press.

Small buying was the order of the day in Tobaccos and **Imps** hardened a penny to 85p.

There was a placid start to the *year's trading in mining markets*. Activity was at a low ebb and features were sparse. **De Beers** remained strong, however, in front of the Central Selling Organisation 1978 world diamond sales total expected in the second *week of the month. After being* firm in New York last Friday there was a follow through from Johannesburg yesterday morning and the price closed 7 higher at 398p.

Johannesburg buying also held **Anglo American** very *steady*, among the dollar premium Financials, and the shares hardened 1 to 303p. But London Financials were very quiet with only **Consolidated Gold Fields** attracting any attention; *encouraged by the early steadiness of the bullion price*, the close was a shade harder at 183p. The bullion price eventually *closed $1.0 lower at $225.375 an* ounce.

South African Golds ignored the bullion price movements. Trading was exceptionally light and prices were mixed. But the Gold Mines Index was 3.5 lower at 138.0, reflecting both the reduction in prices as shares went ex-dividend and also the lower trend in the investment dollar premium. The ex-premium index was 2.5 down at 96.6.

The undertone of Australians remained firm, but business was *slack. Prices reflected the trend* in the overnight Sydney market but remained untested. **Conzinc Riotinto** drew strength *from its leadership of the* Ashton diamond venture with a rise of 4 to 300p. Among the small diamond stocks **Haoma** were 2 higher at 34p and **North West Mining** were 3 firmer at 29p.

The interest in diamonds spread to **Tanks**, which has an Ashton holding, and the shares rose 2 to 160p. There was also a small business in **Consolidated Murchison** which moved up 5 to 175p.

The chairman's statement that the dividend outlook was more encouraging led to **Messina** being marked up 3 to 59p in otherwise quiet Coppers. Rhodesians and Tins were also quiet.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service

Stocks favoured for the call included **Maurice James**, **Armour Trust**, **Baker Perkins**, **J. E. Sanger**, **Newarthill**, **Plessey**, **Cons. Gold**, **Woolworth**, **Lonrho**, **BSG** and **James Halstead**. No puts were reported but a double was arranged in **Baker Perkins**.

FINANCIAL TIMES STOCK INDICES

—	Jan. 2	Dec. 29	Dec. 28	Dec. 27	Dec. 22	Dec. 21	A year ago
Government Secs.	68.60	68.69	68.66	68.66	68.67	68.65	78.58
Fixed Interest	70.30	70.32	70.22	70.22	70.37	70.31	81.03
Industrial	473.0	470.9	472.9	478.2	479.3	478.2	485.6
Gold Mines	†138.0	141.5	143.2	142.5	141.1	139.2	132.7
Gold Mines (Ex-$ pm)	96.6	99.1	100.2	99.6	99.8	99.2	102.2
Ord. Div. Yield	6.11	6.13	6.10	6.03	6.03	6.03	5.52
Earnings, Y'ld % (full)	16.03	16.08	16.00	15.82	15.79	15.65	16.78
P/E Ratio (net) (*)	8.11	8.08	8.12	8.21	8.23	8.21	8.45
Dealings marked	2,465	2,555	2,445	1,674	1,793	3,383	5,178
Equity turnover £m.	—	51.38	47.67	16.60	27.28	49.84	49.10
Equity bargains total	—	8,403	10,266	5,057	6,039	9,597	12,097

10 am 469.8. 11 am 470.8. Noon 471.3. 1 pm 472.2. 2 pm 472.2. 3 pm 472.3.
Latest Index 01-236 8026.
* Nil = 7.86.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm. index started June 1972. †Gold Mines Cum. Div. 140.8. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	67.92 (10/11/78)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	69.30 (13/11/78)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Jan. 2	Dec. 29
—Daily		
Gilt Edged	79.5	79.7
Industrials	88.8	90.1
Speculative	18.9	21.4
Totals	56.1	58.2
5-d'y Av'r'ge		
Gilt Edged	78.1	83.4
Industrials	75.3	81.0
Speculative	18.0	20.3
Totals	49.8	53.9

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	8	894	−12	954	720
Shell Transport	25p	8	562	− 1	602	484
Beecham "New"	25p	7	635	+ 8	645	568
Burmah Oil	£1	7	85	+ 3	89	42
Dunlop	50p	7	66	—	90	63
Suter Defd. "New"	Nil/pd.	7	5pm	—	7½pm	4½pm
BAT's Defd.	25p	6	255	—	304	227
BSG Intl.	10p	6	38½	+ 1½	45¼	34¾
Horizon Midlands	5p	6	134½	+ 7½	134½	71½
Lloyds Bank	£1	6	287	+ 7	297	242
GEC	25p	5	323	+ 3	349	233
GKN	£1	5	253	+ 1	298	248
ICI	£1	5	363	—	421	328
Marks & Spencer	25p	5	84	+ 1	94	67½
Metal Box "New"	Nil/pd.	5	50pm	+ 2	70pm	48pm

NEW HIGHS AND LOWS FOR 1978

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (24)

STORES (1)
Boardman (K. O.)
ELECTRICALS (3)
Highland Elect. Sound Diffusion
Scholes (G. H.)
ENGINEERING (1)
Anglo-Swiss
FOODS (2)
Avana Carr's Milling
HOTELS (1)
City Hotels
INDUSTRIALS (8)
Bogod-Pelepah A Long & Hambly
Caplan Profile Parker Knoll A
Dufay Bitumastic Restmore
Fothergill & Harvey Toye
INSURANCE (1)
Provident A
LEISURE (3)
Horizon Midlands Saga Holidays
Pleasurama
PROPERTY (1)
Hartley Ind. Trust
TEXTILES (1)
Foster (J.)
TRUSTS (2)
Kellock Kellock Conv. Ln.

NEW LOWS (4)

BUILDINGS (1)
Gleeson (M. J.)
ELECTRICALS (1)
Laurence Scott
ENGINEERING (1)
Braithwaite
INDUSTRIALS (1)
Hestair

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	61	11
Corpns., Dom. and Foreign Bonds	5	7	53
Industrials	349	184	997
Financial and Prop.	78	58	377
Oils	10	6	21
Plantations	2	3	27
Mines	47	30	64
Recent Issues	5	3	28
Totals	502	352	1,578

APPOINTMENTS

Sir Jeremy Morse to head Lloyds International

Sir Jeremy Morse, chairman of Lloyds Bank, is to become chairman of **Lloyds Bank International** on March 29. His place as deputy chairman of that bank will be taken by **Sir Lindsay Alexander**, a director of Lloyds Bank, who has also been on the Board of International since March 1975.

Sir Reginald Verdon-Smith (66) will be retiring as deputy *chairman of Lloyds Bank and* chairman *of* International on March 29. He will remain a member of the Boards of both banks and *chairman of the Bristol* regional board.

Following the recent changes in structure of the Lloyds Bank Group, **Lord Lloyd**, a director of Lloyds Bank and chairman of its Greater London Regional Board has resigned from the Board of International, and **Viscount Caldecote**, a director of Lloyds Bank has been appointed a director of International.

★

Mr. P. E. Gallaher and Sir Ernest Woodroofe have been reappointed part-time members of the BRITISH GAS CORPORATION for a further three years. Mr. G. F. I. Roberts has become *member for external affairs in* charge of a newly-formed Resources and External Affairs Division. Mr. James McHugh has been made a full-time member for production and supply succeeding Mr. Roberts.

★

Mr. R. S. Napier has been appointed chairman of Charterhouse Japhet (Midlands) the Birmingham subsidiary of merchant bankers, Charterhouse Japhet. Mr. P. P. Ralph, head of Charterhouse Japhet's corporate financial services department and a director of Chamberlin and Hill of Walsall and Carclo Engineering and Mr. J. E. B. Bowman, a director of Charterhouse Development and Fredk. H. Burgess, have become directors. Mr. N. M. S. Gubbins *(general manager)* and Mr. T. H. Hargreaves continue as executive directors and Mr. H. G. Cressman, Mr. C. H. Harmer and Mr. B. C. Johnston remain non-executive directors.

★

Mr. Angus Stirling has been appointed deputy director-general of the NATIONAL TRUST and will join the Trust in the first *half* of this year. He is at present deputy secretary-general of the Arts Council.

★

Mr. R. Kawashima has been appointed a director and general manager of JAPAN INTERNATIONAL BANK *to succeed* Mr. Y. Kajiura. Mr. Y. Niki and Mr. H. Oizumi have been made directors in succession to Mr. H. Watanabe and Mr. H. Shiota.

★

Mr. J. M. Pickard has resigned as a non-executive director of BESTOBELL because of pressure of other commitments.

Mr. Trevor Davies has retired as a director of ROBERTS ADLARD AND CO.

★

Mr. M. A. Jameson-Till has been appointed a director of CLIVE DISCOUNT COMPANY.

★

Mr. Alfred E. Singer has been appointed a director of DALGETY.

★

Mr. Neil Pollock, fomerly director of management services with the British Steel Corporation, has joined the Board of systems house F INTERNATIONAL.

★

Mr. P. M. Macphail has been admitted as a general partner of FAHNESTOCK AND CO., members of the New York Stock *Exchange*.

★

Mr. Sydney Rosen, a consultant with BANK HAPOALIM, B.M., has been appointed business development manager of the bank in the UK.

★

Mr. C. Bean has been appointed to the newly-created post of group financial controller of DUBILIER. He is a former director of Erie Electronics, the *Norwich-based subsidiary of ITT.*

★

Mr. J. M. C. Harrison has been appointed a principal executive with J. AND A. SCRIMGEOUR, corporate members of the Stock Exchange.

★

Mr. L. R. Harris has been appointed a director of the Isle of Wight-based VECTIS STONE GROUP.

★

Mr. Edouard Kössler has been *appointed general manager of* BORDIER AND CO., the Geneva-based private banking firm from January 1.

★

Mr. Dennis Mitchell has been promoted to commercial director of S. DANIELS AND CO. (DANOXA).

★

BAXTER FELL, a wholly-*owned subsidiary of the Dutch-*German group, ESTEL NV Hoesch-Hoogovens, has made the following Board changes within *its subsidiaries*.

BAXTER FELL NORTHFLEET: Mr. P. Search, managing director to succeed Mr. A. J. Smyth-Tyrrell who remains executive chairman. Mr. R. D. Watson, finance director in place of Mr. T. E. Shaw *who continues* as a director. BAXTER FELL METALS: Mr. D. M. Staff, chairman, replacing Mr. Smyth-Tyrrell, who remains a director. Mr. Watson, a director to succeed Mr. R. T. B. Whittaker. ESTEL (UK): Mr. K. M. Whittaker, managing director, in place of Mr. K. H. Baker who remains executive chairman. MAIDENHEAD FINANCE: Mr. R. T. B. Whittaker, a director. SHOWRAX (IRELAND): Mr. N. Kavanagh, managing director to succeed Mr. B. E. Jensen. Mr. A. J. Sargent joins the group as company secretary.

★

As a result of the restructuring of J. BIBBY AND SONS into two operating groups, industrial and agricultural, the following subsidiary Board changes are made from January 1. Mr. L. C. Young resigns as chairman of Henry Cooke on his succession to Mr. J. B. Bibby as group chairman. Mr. A. G. Thompson, presently managing director, *becomes chairman*. Mr. R. G. Hope, general manager, joins the Board as managing director. Mr. W. J. Inman, production and *technical services manager, also* joins the Board. At Henry Cooke Converters Mr. Thompson, the present managing director, *succeeds* Mr. Young as chairman. Dr. G. M. Keilie, presently general manager, joins the Board and is appointed managing director. A new company, J. Bibby Edible Oils, has been established with Mr. Thompson as chairman and Mr. D. L. Airey as managing director. The other directors are Mr. M. Bennett, commercial manager-refinery, Dr. R. V. Crawford, technical and services manager, Mr. M. M. McKenna, commercial manager-extract, and Mr. J. B. Scott, financial controller. Secretary of all three companies is Mr. S. W. Bowman.

★

Mr. John Wotton is appointed managing director of FLOWTRON AIRE and its subsidiary PRECISION MOULDS. They are both of Huntleigh Group.

★

Mr. C. E. Hughes has been appointed assistant general manager, investments, of the PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION. Mr. R. A. P. Hayes and Mr. G. A. *Upsdell become investment* managers.

★

Mr. A. Selman has been elected principal assistant secretary and Mr. R. H. Perry and Mr. T. J. P. Stevenson assistant secretaries of THE LIFE OFFICES' ASSOCIATION.

★

Mr. L. E. Breffit is to retire *from his directorships* and other offices with CARRERAS ROTHMANS on March 31, to develop personal business activties.

★

Mr. E. J. Marriott, managing director of subsidiary Lawson Ward *and Co., and* Mr. M. E. G. Lewis, group secretary, have been appointed to the main Board of NEWBOLD AND BURTON (HOLDINGS).

★

JARDINE MATHESON AND CO. has appointed directors for three principal subsidiaries. Mr. Robert W. H. Yan to the Jardine Engineering Corporation; Mr. A. R. Micklethwaite, *Jardine* Industries, and Mr. Stephen Young, Jardine Marketing Services.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	900	14	3	47	7	69	—	894p
BP	950	1½	2	26	2	42	—	"
Com Union	130	20	5	23	—	25	—	149p
Com Union	140	10	5	13	—	19	1	"
Cons Gold	160	8½	30	17	—	22	5	168p
Cons Gold	200	1½	5	6½	3	12	—	"
ICI	360	10½	13	20	—	33	—	362p
Marks & Sp	80	5½	5	9½	65	12½	—	84p
Marks & Sp	90	1	30	4½	—	8	4	"
Totals			98		67		10	
		February		May		August		
Boots	200	3½	20	10½	1	15	—	187p
Boots	260	¼	—	¾	25	—	—	"
EMI	160	¾	—	4½	5	9	2	140p
RTZ	220	16	13	34	—	33	—	226p
RTZ	280	¾	—	4	3	—	—	"
Totals			55		31		2	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or —	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
A$0.50	F.P.	—	78	61	Ashton Mining 50c	76	......	—	—	—	—
A$125	F.P.	—	105	97	††Aust. Farming A$1	97	−8	—	—	—	—
155	F.P.	10/1	176	171	HarrisQueensw'y 20p	172	+1	†7.8	3.1	6.7	7.2
29	F.P.	5/1	31	29	Kitchen Queen 10p	29	......	b1.34	3.4	6.9	4.8
••	F.P.	—	34	33	M. Y. Dart Defd.	34	......	—	—	—	—
110	F.P.	—	135	115	Mill'ttsL's'reShps20p	131	......	bd5.7	1.8	6.5	12.6

FIXED INTEREST STOCKS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or —
§§	F.P.	16/2	109p	108p	Assoc. Dairies 9¼% Pref.	108p	−1
‡	F.P.	26/1	100	99¾	Colne Valley Water 8% Red Prf. 1983	101	......
£100p	F.P.	28/12	100½p	99p	Findlay 8% Cnv. Cum. Red. Prf.	100p	......
£100p	Nil	5/1	6pm	2pm	Hawley-Goodall 12% Cnv. Uns. Ln. '86-88	4pm	......
£1	F.P.	22/12	99p	97p	Newman Inds. 10¼% Acc. Pref.	97p	......
‡	£10	—	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	......
‡	Nil	11/1	1½pm	¾pm	Rivington Reed 9½% Cnv.Cum.Red.Pref.	1pm	......
97p	F.P.	5/1	99p	98p	Seascope 10¼% Pref.	99p	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing price p:	+ or —
60	Nil	—	—	8pm	7pm	Associated Biscuit	8pm	......
560	F.P.	8/12	12/1	645	568	Beecham	635	+8
17	F.P.	15/12	26/1	20¼	19½	Boulton (Wm.)	19½	......
67	F.P.	29/12	5/1	77	69	Capper-Neill	70	+1
305	F.P.	15/12	12/1	122	107	Clifford (Chas.)	121	−1
93	F.P.	15/12	12/1	115	101	Dixon (D.)	110	......
45	F.P.	3/1	9/2	52	47	Foster (John)	52	+2
130	F.P.	8/12	12/1	147	140	Hoskins & Horton	145	+2
210	F.P.	5/1	9/2	248	242	Lep Group	247	......
125	F.P.	15/12	12/1	161	150	M. L. Holdings	155	......
250	Nil	3/1	9/2	70pm	48pm	Metal Box	50pm	+2
55	Nil	5/1	26/1	13pm	12pm	Milbury	12pm	......
195	F.P.	16/12	10/1	230	210	Stothert & Pitt	223	......
10	Nil	—	—	7½pm	4½pm	Suter Electrical Defd.	5pm	......
62	F.P.	18/12	16/1	76	67	Tern Consulate	69	......
228	Nil	10/1	9/2	8pm	5pm	York Fine Woollen	5pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. ¤ Assumed dividend and yield. ¤ Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. : Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p: Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Jan. 2, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri., Dec. 29 Index No.	Thurs., Dec. 28 Index No.	Wed., Dec. 27 Index No.	Fri., Dec. 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	231.39	+0.3	17.32	5.62	7.91	230.71	232.08	234.82	234.88	209.32
2	Building Materials (27)	203.61	+0.1	18.53	6.34	7.42	203.37	204.35	206.80	206.89	192.93
3	Contracting, Construction (28)	357.67	−0.1	21.55	4.63	6.66	357.96	358.58	362.77	363.42	342.24
4	*Electricals (15)*	*540.58*	*+0.7*	*13.86*	*3.51*	*9.93*	536.74	541.92	549.94	550.11	458.80
5	Engineering Contractors (14)	352.74	+0.1	18.48	6.11	7.36	352.47	354.51	357.92	358.93	297.57
6	Mechanical Engineering (72)	181.34	—	18.59	6.19	7.17	181.29	182.01	183.81	183.71	161.12
8	Metals and Metal Forming (16)	160.27	+0.6	17.05	8.92	8.15	159.35	160.43	162.06	161.92	160.11
11	CONSUMER GOODS (DURABLE) (53)	207.34	+0.1	16.99	5.21	7.85	207.15	209.06	210.71	210.57	192.54
12	Lt. Electronics, Radio, TV (16)	261.89	—	14.23	3.98	9.85	261.91	265.01	267.34	266.49	231.23
13	Household Goods (12)	165.25	−0.7	18.28	6.90	7.51	166.34	166.85	166.43	166.76	182.71
14	Motors and Distributors (25)	120.09	+0.4	21.61	7.01	5.61	119.57	120.28	121.30	121.69	116.54
21	CONSUMER GOODS (NON-DURABLE) (170)	207.21	+0.3	16.46	6.16	8.08	206.66	207.54	209.18	209.09	205.98
22	Breweries (14)	230.12	−0.6	15.96	6.53	7.89	231.47	233.25	234.04	233.81	229.54
23	Wines and Spirits (6)	279.15	−1.2	16.64	5.34	8.83	282.48	282.92	286.96	285.51	249.88
24	Entertainment, Catering (17)	269.24	+0.6	13.77	6.54	10.59	267.55	269.29	272.06	272.71	263.00
25	Food Manufacturing (19)	199.92	+0.1	19.00	5.65	6.99	199.66	200.81	201.94	202.33	200.18
26	Food Retailing (15)	228.83	+0.5	14.55	5.15	9.38	227.62	228.00	230.15	229.00	214.69
32	Newspapers, Publishing (12)	366.08	−0.5	21.97	6.63	6.42	367.88	369.95	372.05	372.08	346.89
33	Packaging and Paper (15)	130.82	+0.1	19.48	8.04	6.69	130.73	131.43	132.89	132.96	129.45
34	Stores (40)	191.74	+1.0	12.36	4.96	11.64	189.76	190.80	192.49	192.37	195.12
35	Textiles (23)	178.59	+0.1	18.01	8.38	7.17	178.39	178.31	179.98	180.18	173.45
36	Tobaccos (3)	235.08	—	23.60	7.99	5.01	235.10	236.07	236.07	235.09	226.56
37	Toys and Games (6)	90.89	−0.6	24.28	7.17	4.85	91.46	92.28	92.28	92.54	100.29
41	OTHER GROUPS (99)	194.38	+0.3	15.98	6.40	8.06	193.79	194.66	195.87	196.31	193.24
42	Chemicals (19)	275.67	+0.1	16.15	6.86	8.09	275.26	276.77	278.67	280.03	260.48
43	Pharmaceutical Products (7)	245.15	+1.0	11.32	4.74	10.70	242.72	243.76	243.75	244.93	259.95
44	Office Equipment (6)	129.31	+0.5	18.79	5.97	6.35	128.71	128.75	128.55	128.94	124.64
45	Shipping (10)	405.44	−0.2	14.92	7.50	8.50	406.20	405.69	411.37	411.02	474.36
46	*Miscellaneous (57)*	*208.80*	*+0.1*	*18.41*	*6.88*	*7.23*	208.63	209.79	211.82	211.48	204.29
49	INDUSTRIAL GROUP (494)	216.79	+0.3	16.60	6.01	8.01	216.21	217.51	219.17	219.22	200.67
51	Oils (6)	501.52	−0.7	13.93	4.01	7.81	505.29	509.20	515.60	518.85	471.73
59	500 SHARE INDEX	240.47	+0.1	16.19	5.70	7.98	240.20	241.52	[illegible]	244.02	230.64
61	FINANCIAL GROUP (115)	168.68	+0.6	—	5.75	—	167.85	168.81	170.52	170.44	172.30
62	Banks (6)	198.80	+1.7	23.70	5.93	6.32	195.51	197.89	199.57	199.16	196.61
63	Discount Houses (10)	212.93	—	—	8.31	—	212.93	212.93	212.93	210.45	224.73
64	Hire Purchase (5)	165.00	+0.8	14.76	5.17	8.94	163.63	165.09	166.07	165.78	162.89
65	Insurance (Life) (10)	133.47	+0.3	—	7.04	—	133.13	133.91	135.77	136.00	139.29
66	Insurance (Composite) (7)	123.32	+0.7	—	7.11	—	122.51	122.65	124.74	125.02	137.55
67	Insurance Brokers (10)	309.28	−0.1	15.46	5.44	9.23	309.53	310.12	314.48	313.47	333.14
68	Merchant Banks (14)	77.62	+0.3	—	6.31	—	77.40	77.37	77.67	77.71	82.54
69	Property (43)	267.26	−0.1	3.88	3.02	41.22	267.42	268.89	270.20	270.23	244.83
70	Miscellaneous (10)	113.01	−0.7	22.15	6.97	5.70	113.84	113.88	114.16	113.63	109.01
71	Investment Trusts (111)	202.36	−0.2	—	5.22	—	202.80	203.80	204.04	203.48	206.38
81	*Mining Finance (4)*	101.39	+0.1	18.54	7.02	6.64	101.26	100.86	102.48	101.30	90.85
91	Overseas Traders (20)	292.50	−0.1	16.68	8.02	7.52	292.68	293.61	296.02	295.45	281.81
99	ALL-SHARE INDEX (750)	220.60	+0.2	—	5.75	—	220.22	221.39	223.36	223.50	214.20

FIXED INTEREST PRICE INDICES

	British Government	Tues., Jan. 2	Day's change %	xd adj. To-day	xd adj. 1979 to date
1	Under 5 years	102.72	−0.06	—	0.00
2	5-15 years	110.75	−0.14	—	0.00
3	Over 15 years	115.43	−0.14	—	0.00
4	Irredeemables	122.84	—	—	0.00
5	All stocks	109.16	−0.10	—	0.00

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Tues., Jan. 2	Fri., Dec. 29	Year ago (approx.)
1	Low Coupons	5 years	9.69	9.69	7.05
2		15 years	11.40	11.36	9.12
3		25 years	12.20	12.16	9.74
4	Medium Coupons	5 years	12.78	12.74	9.30
5		15 years	12.79	12.76	10.19
6		25 years	12.79	12.76	10.35
7	High Coupons	5 years	12.82	12.78	9.67
8		15 years	13.33	13.30	11.13
9		25 years	13.35	13.32	11.26
10	Irredeemables		11.93	11.93	9.89

		Tuesday, Jan. 2 Index No.	Tuesday, Jan. 2 Yield %	Fri. Dec. 29	Thurs. Dec. 28	Wed. Dec. 27	Tues. Dec. 26	Mon. Dec. 25	Fri. Dec. 22	Thurs. Dec. 21	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.91	‡13.51	54.81	54.81	54.81	54.85	54.85	55.15	55.15	62.60
16	Investment Trust Prefs. (15)	51.34	13.64	51.17	51.17	51.17	51.17	51.17	50.96	50.96	56.75
17	Coml. and Indl. Prefs. (20)	72.57	12.91	72.38	72.38	72.38	72.32	72.42	72.74	72.42	76.93

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Great Winchester ..... 18.5 20.2 ..... 4.40
Gt. Winchester O'seas .. 18.1 20.2 ..... 4.40

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	68.7	73.9	.....	6.00

For Equitas Securities Ltd. see Abbey Unit Trust Mngrs.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	66.1	69.5	−0.3	4.41

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	22.7	24.4	.....	2.12
Accum. Units	26.9	29.0	.....	2.12
J. Finlay Income	36.3	39.0	.....	8.20
J. Finlay Euro.Fin.	26.7	28.7	.....	3.37
Accum. Units	31.6	34.0	.....	3.37
J. Finlay Fd.In.Tst.	27.0	29.0	.....	4.39
Accum. Units	31.4	33.8	.....	4.39

Prices Dec. 27. Next dealing Jan. 3.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	65.1	71.1	−0.1	5.65
Do. Accum.	76.7	83.8	−0.2	5.65
Growth	35.5	38.2xd	−0.2	3.70
Do. Accum.	35.5	41.4	−0.2	3.70
Capital	25.3	27.3xd	−0.5	4.61
Do. Accum.	27.9	30.1	−0.5	4.61
Income	51.4	55.3	−0.1	7.13
Do. Accum.	59.9	64.5	−0.2	7.13
International	42.8	45.2xd	−0.3	3.59
Do. Accum.	45.0	48.5	−0.4	3.59
High Yield	62.2	66.9	−0.2	8.72
Do. Accum.	67.9	73.1	−0.1	8.72
Equity Exempt*	105.8	111.6	.....	5.66
Do. Accum.*	105.8	111.6	.....	5.66
Japan & Pacific	48.0	51.1	−0.2	0.95
Do. Accum.	48.0	51.1	−0.2	0.95

*Prices at Dec. 15. Next dealing Dec. 22.

CORAL INDEX: Close 471-476

INSURANCE BASE RATES

†Property Growth 11¾%
†Vanbrugh Guaranteed 10.87%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. | $A2.28 | 2.40xd | ..... | —

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey. 0534 73673
Jersey Extrnl. Tst. | 165.0 | 174.0 | ..... | —
As at Dec. 29. Next sub. day Jan. 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$296.41	.....	2.40
Jardine J'pn.Fd.*	HK$413.31	.....	0.90
Jardine S.E.A.	HK$16.74	.....	2.10
Jardine Flem.Int.	HK$11.80	.....	—
Intl.Pac.Secs.(Inc.)	HK$13.64	.....	—
Do. (Accum.)	HK$13.78	.....	—

NAV Dec. 14. *Equivalent $US83.32
Next sub. day December 29.

30, Gresham Street, EC2. 01-600 4555

Cnv. Int. Dec. 29		$US9.45	+0.02	—
Eng.Int. Dec. 29		$US17.87	−0.02	—
Gr.St.$Fd. Dec. 29		$US7.68	+0.18	—
Merc. Ebd. Dec. 27	$US10.33	10.44	.....	0.2452
MercMyMktJan.27	£10.23	10.24	+0.01	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy.C1 0534 73741

CMF Ltd. Nov. 30	$US13.56	13.90	.....	—
CMT Ltd. Nov. 30	£13.67	14.02	.....	—
Metals Tst. Dec. 21	£13.17	13.49	+0.45	—
TMT Dec. 14	$US10.39	10.66	.....	—
T.M.T. Ltd. Dec. 14	£10.28	10.55	.....	—

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $US15.12 | +0.06 | —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978-79 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
105⅛	99¹¹⁄₁₆	Treasury 11½pc '79‡‡	99¹⁵⁄₁₆	......	11.51	11.68
97	94¾	Treasury 3pc '79‡‡	95¹⁄₁₆	......	3.16	10.39
97⅞	95⅛	Electric 4¼pc '74-79	96	......	4.43	10.02
104¹¹⁄₁₆	98⅞	Treasury 10½pc '79‡‡	99	......	10.61	11.72
96½	94¾	Electric 3½pc '76-79	95¾	......	3.66	8.67
103⅛	96⅝	Treasury 9pc 1980‡‡	96¹⁵⁄₁₆	—⅛	9.28	11.87
102³⁄₁₆	96½	Treasury 9½pc '80‡‡	97⅛	—⅛	9.78	11.84
95⅓	92⅝	Treasury 3½pc '77-80	94⅝	—⅛	3.70	7.49
96½	93¼	Funding 5¼pc '78-80‡‡	94⅝	—⅛	5.55	9.30
110⅛	100⅝	Exchequer 13pc 1980‡‡	101	—⅛	12.87	12.36
106¼	97⅝	Treasury 11½pc 1981‡‡	98¹¹⁄₁₆xd	—⅛	11.65	12.27
91⅝	88¼	Treasury 3¼pc 1979-81	89¼	+⅛	3.92	9.18
101¾	94⅞	Treasury 9¾pc 1981‡‡	94⅝	—⅛	10.30	12.54
97⅞	91⅝	Exch. 8¼pc 1981	91⅝	—⅛	9.00	12.32
100¾	92¾	Exch. 9½pc 1981	93¼xd	—⅛	10.19	12.69
87⅞	85¼	Exch. 3pc 1981	85⅝	+⅛	3.50	9.27
97⅞	95⅝	Treas. Variable '81‡‡	97⅛	+⅛	12.41	13.77
111	100	Exch. 12¾pc 1981‡‡	100¼	—⅛	12.72	12.62
99⅛	89¾	Treas. 8½pc '80-82‡‡	90⅛xd	—⅛	9.43	12.50
85⅞	82⅞	Treasury 3pc '82‡‡	83⅝	+⅛	3.59	9.14
115⅞	103⅛	Treasury 14pc '82‡‡	103⅛	—⅛	13.52	12.60
98⅓	94	Treas. Variable '82‡‡	95⅛	+⅛	12.62	14.22
96⅞	87¾	Treasury 8¼pc '82	87⅞xd	—⅛	9.39	12.66

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23	......	—	—
41	33	Do. 5pc Pref.	39xd	......	—	—
98	98	Chilean Mixed	98	......	—	13.10
23	6	Chinese 4½pc 1898	19½	—½	—	—
35	4½	Do. 5pc 1912	34½	—½	—	—
20½	4½	Do. 5pc 1925 Boxer	19½	—½	—	—
415	350	German Yng. 4½pc	415	......	4½	—
54	46	Greek 7pc Ass.	50	......	3½	17.20
51	46	Do 6pc 28 Stab. Ass.	49	......	6	16.24
44	40	Do 4pc Mixed Ass.	40	......	4	15.13

BONDS & RAILS—Cont.

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	45	......	4½	16.38
77	65	Iceland 6½pc '83-88	68xd	......	—	12.80
88	80	Ireland 7½pc '81-83	80xd	......	7½	13.51
91	76½	Do 9¾pc '91-96	76½	......	—	13.83
425	265	Japan 4pc '10 Ass	355xd	......	—	13.74
87	67	Do 6pc '83-88	67xd	......	6	12.20
160	140	Peru Ass. 3pc	140	......	3	2.16
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.53
DM91	DM81	Turin 6½pc 1984	DM91	......	6½	8.45
97	94	Uruguay 3½pc	95	......	3½	4.00

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978-79 High	Low	Stock	£	+ or —	Div. Gross	C'w	Y'ld Gr's
21¾	13½	ASA	16⅞	+⅜	$1.00	—	3.0
60½	59	AMF 5% Conv. '87	59	......	5%	—	f4.8
38⅝	22	Amax $1	33⅞	+⅝	$2.20	—	3.3
50⅞	19½	American Express	20¼xd	—½	$1.60	—	4.0
24¼	11	Amer. Medic. Int.	21⅞	—⅜	60c	—	15.4
15⅝	912p	Asarco Inc.	967p	+21	40c	—	2.1
29¾	17⅝	Baker Intnl. Corp. $1	22⅛	......	44c	—	1.5
19⅜	11⅞	Barnes Grp. $6⅔	14⅞	—⅛	$1.0	—	3.4
33½	22	Bendix Corp. $5	25⅜xd	+⅜	$2.56	—	5.1
23½	13	Beth. Steel $8	13⅝	—¼	$1.00	—	3.7
13	625p	Brown'g Fer. c16⅔	880pxd	+25	50c	—	2.9
14	855p	Brunswick Corpn.	880p	—5	70c	—	4.0
65⅝	41⅞	Burroughs Corp. $5	50⅞xd	—½	$1.60	—	1.6
51	30½	CBS $2.50	35⅜xd	+½	$2.60	—	0.0
42⅝	28¾	C.P.C. $1½	34⅝	—⅛	$2.70	—	4.0
49⅞	32¾	Caterpillar	41	+½	$2.10	—	2.6
28⅛	17⅞	Chase M'htn. $12.5	20⅜	+¼	$2.20	—	5.4
22	13⅝	Chesebrough $1	15⅝xd	+¼	94c	—	3.0

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: Bracken House, 10, Cannon Street, London EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Moscow: Kutozovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848

Rome: Via della Mercede 55. Telex 610032 Tel. 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel. 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
15	9	Acmex 25c	11	......	—	—	—
140	64	Bougainville 50 Toea	135	+4	†Q8c	1.4	3.7
131	63	BH South 50c	113	+1	—	—	—
820	150	Central Pacific	350	+10	—	—	—
336	148	Conzinc Riotinto 50c.	300	+4	‡Q10c	2.2	‡
32	19	Cultus Pacific N.L.	26	......	—	—	—
27	9½	Endeavour 20c	19½	+½	—	—	—
75	45	G. M. Kalgoorlie 5?	62	......	—	—	—
68	18	Haoma Gold N.L.	34	+2	—	—	—
153	81	Hampton Areas 5p.	148	......	‡3.55	2.0	3.6
40	10	Metals Ex. 50c	26	+1	—	—	—
223	125	M.I.M. Hldgs. 50c	201	+4	Q9c	1.7	2.8
22	10	Minefields Expl.	15	......	—	—	—
40	10	Mount Lyell 25c	38	......	—	—	—
56	12	Newmetal 20c	42	......	—	—	—
143	79	North B. Hill 50c	109	+1	Q8c	1.3	4.5
16½	8½	Nth. Kalgurli	11½	+½	—	—	—
50	12	Nth. West Mining	29	+5	—	—	—
178	115	Oakbridge SA1	133	.....	Q12c	1.9	9.9
42	10	††Otmin N.L.	22		—	—	—
70	30	Pacific Copper	60	+2	—	—	—
£15½	725	Pancont'l 25c	775	−25	—	—	—
40	12	Paringa M.&Ex. 5p	17½	−1	—	—	—
570	310	Peko-Wallsend 50c.	450	−6	Q15c	ϕ	2.1
300	50	Southern Pacific	153	+8	—	—	—
164	84	Westn. Mining 50c.	143	+4	Q3c	0.7	1.3
100	35	Whim Creek 20c.	60	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam SM1	335	......	Q300c	0.5	19.2
60	45	Beralt Tin	54	......	4.0	ϕ	11.1
305	190	Berjuntai SM1	220	......	Q110c	1.0	10.7
185	111	Geevor	145xd	−2½	H5.57	5.8	5.7
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	295	......	†15.36	0.9	7.7
320	230	Hongkong	312	......	12.5	ϕ	6.0
93	64	Idris 10p	64	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting SM0.50	68	+2	†Q12.5c	2.1	4.0
640	450	Killinghall	575xd	+7	Q[illegible]	ϕ	22.3
470	260	Malay Dredging SM1	365	......	Q175c	0.7	10.3
78	40	♠Pahang	43	......	—	—	—
78	50	Pengkalen 10p	60	......	6.60	1.3	16.4
270	165	Petaling SM1	215	......	Q120c	ϕ	12.0
87	39	Saint Piran	75xd	−½	†2.03	6.5	4.0
70	47	South Crofty 10p	55xd	+½	†4.19	2.0	11.4
245	140	South Kinta SM0.50	175xd	+3½	†‡Q145c	0.6	17.8
340	230	Sthn Malayan SM1	295	......	Q190c	1.0	14.3
240	134	Sungei Besi SM1	210	......	mQ65c	5.3	6.6
85	55	Supreme Corp. SM1	70	......	ZQ10c	—	3.1
103	84	Tanjong 15p	103	......	6.60	0.8	9.6
100	74	Tongkah Hrbr. SM1	85	......	Q[illegible]	0.7	9.4
270	148	Tronoh SM1	210	+5	‡Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
104	54	Messina R0.50	59	+3	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
68	35	Barymin	55	+1	—	—	—
17	9	Burma Mines 17½p	13	−½	—	—	—
300	165	Cons. Murch. 10c	275	+5	‡Q30c	2.6	‡
465	245	Northgate C$1	365	−10	—	—	—
263	164	R.T.Z.	226	......	9.5	2.8	6.3
90	30	Sabina Inds. C$1	40	−2	—	—	—
£12	687	Tara Exptn. $1	£7⅝	+⅛	—	—	—
185	120	Yukon Cons. C$1	170	......	Q7c	2.5	2.0

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
$15¼	$10¼	Buffels R1	$10⅞xd	−⅛	Q270c	1.8	18.0
$11⅛	830c	East Drie R1	935cxd	−2½	†Q78c	1.7	9.6
585c	330c	East Rand Pro. R1	360cxd	−7	—	—	—
$28½	$16½	F.S. Geduld 50c	$19⅝	+⅛	Q315c	ϕ	18.5
$15½	975c	Pres. Brand 50c	$11½	+⅛	Q150c	ϕ	15.0
$13⅛	900c	St. Helena R1	$10⅝	......	Q190c	ϕ	21.1
470c	315c	Stilfontein 50c	420cxd	−7½	†Q22c	2.3	6.0
$18⅝	$16¼	Vaal Reefs 50c	$18⅝	+⅛	Q115c	3.3	7.1
$37	$25	West Drie R1	$30¾xd	+⅛	Q385c	1.7	14.5
$31¼	$19	West Hldgs. 50c	$23	+⅛	Q415c	ϕ	20.8
$12½	695c	Western Deep R2	$11	+¼	Q82.5c	2.4	8.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✱ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	26	......
Ash Spinning	70	......
Bertam	15	......
Bdg'wtr. Est. 50p	323	......
Clover Croft	28	......
Craig & Rose £1	615	......
Dyson (R. A.) A	35	......
Ellis & McHdy	66	......
Evered	24	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	140	......
Higsons Brew	74	......
Holt (Jos) 25p	252	......
I O M. Stm. £1	197	......
N'thn. Goldsmith	73	......
Pearce (C. H.)	198	......
Peel Mills	22	......
Sheffield Brick	52	......
Shelf. Refrshmt	68	+2
Sindall (Wm.)	120	+2

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£90	......
Alliance Gas	99	......
Arnott	370	......
Carroll (P.J.)	92xd	−3
Clondalkin	100	−2½
Concrete Prods.	130	......
Heiton (Hldgs.)	49	−1
Ins. Corp.	168	......
Irish Ropes	101¾xd	−¼
Jacob	50	......
T M.G.	190	......
Unidare	80	......

OPTIONS
3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	6	Mrks. & Spncr.	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
Gen. Accident	17	P & O Dfd.	8	Charterhall	3
Gen. Electric	10	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	20	Reed Intnl.	12	**Mines**	
Guardian	18	Spillers	3	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	14
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday January 3 1979

Shah to see new Cabinet tomorrow

BY SIMON HENDERSON

TEHRAN — Dr. Shahpour Bakhtiar, Iran's Prime Minister-designate, said yesterday that he had his new Cabinet ready and a new *Government could* be formed by Saturday, although it is still not clear if th eShah will leave the country.

Dr. Bakhtiar, speaking through an aide, said the Cabinet would be presented to Parliament to-day and would see the Shah. *An official announcement* of the new Government would be made by Saturday, he said.

Although the Shah let it be *known last week* that he was ready to go abroad, Dr. Bakhtiar's aide said it might be natural for the monarch to *remain for a while to see how* the new Government was working.

In a statement broadcast on radio and TV for the past two days Dr. Bakhtiar said that corruption had betrayed the country, as had "non-national" rule. He referred to the Shah's return to power in 1953 as a coup d'etat.

No names of Dr. Bakhtiar's Cabinet have been revealed except that of retired General Fereidun Jam, who has the trust of the serving commanders, probably as War Minister. The opposition National Front which on Saturday expelled Dr. Bakhtiar, is still boycotting the prospective administration, which has also yet to win the favour of the Shi'ite Moslem clergy.

Exposed

In his statement on Monday Dr. Bakhtiar also vowed eventually to do away with martial law so that the army could defend the borders, promised to free political prisoners and prosecute for corruption.

However opposition demands, such as the holding of elections and the disbanding of the secret police, Savak, were not mentioned.

Dr. Bakhtiar remains very exposed, however, since the Shah, through the army, appears still to be in overall *control, and the army is putting* down with considerable ruthlessness further anti-Shah demonstrations in several *provincial towns.*

The pressure on the Shah to go immediately may have lessened somewhat. His comments on *Monday* that he would go for his winter holiday when things had settled down is interpreted by some observers as a reassessment of the decision thought to have been made that he must leave the country to prevent further disruption.

Even if he goes, the military would retain a strong position. The immediate options for Iran appear to be either a technocratic cabinet with substantial military influence, or fully-fledged military regime with the Shah remaining.

Disruption and violence has continued in many areas, although the capital, Tehran, has remained comparatively quiet with many people evidently staying away from the centre of the city. Banks and many shops were closed.

A strike by railway workers has added to the difficulties of internal communication, already bad because of an anti-Shah stoppage by workers of the national airline.

Oil production remains low at 237,000 barrels a day and efforts by opposition politicians to bring it up to domestic demand of around 700,000 barrels to ease difficulties for the general population have so far been fruitless.

● AP reports: Canadian forces aircraft are expected to arrive in Tehran today to evacuate about 300 Canadians without pressing business in Iran, Mr. Kenneth Taylor, the Canadian Ambassador said yesterday.

Terry Kirk

SNOWSTORMS and sub-zero temperatures which brought much of Northern Europe to a standstill delayed the distribution of part of the first edition of the Financial Times to be printed in Frankfurt along with London.

However, copies were on sale on the streets of New York from 9.30 a.m. local time and other major U.S. cities received their copies later in the day. The flight carrying the U.S. print run took off from Frankfurt 45 minutes late at 4.45 a.m.

Previously, copies were available in New York by late afternoon of the day of issue at the earliest.

The paper's first European edition printing began at 11.23 p.m. Frankfurt time and was completed in 46 minutes.

Special vans were loaded (pictured above) as snow fell and soon the papers were on their way to the readers.

Mr. Justin Dukes, joint managing director of the Financial Times, who was in Frankfurt for the launch, said last night that the quality of the paper was a tribute to those who had worked on it, in London and Frankfurt, in the past months.

"It would be unwise and inappropriate to judge the success of the project after the first night, or even the first 100 nights. We take a long-term view of this because we view it as a major development over a long time."

Because of the weather, distribution of the paper in parts of Europe was little better than before printing began in Frankfurt, though copies were on sale in Zurich by 8.30 a.m., three-and-a-half hours before the previous best.

But in Hamburg, distributors were still trying to get copies of the FT—and of all other papers printed outside the city—late yesterday afternoon.

Conditions last night in Europe were not expected to improve. There was about eight inches of snow in Amsterdam, and fresh snow was falling in Frankfurt in the evening.

Pollution risk from holed tanker fades

BY DAVID GARDNER

BARCELONA — The Greek oil tanker Andros Patria, holed by an explosion on Sunday night *off north-western Spain, was re*ported last night to be steaming under its own power at between two and four knots about 40 *miles west of Cape Finisterre.*

The immediate danger of extensive coastal pollution caused by the tanker losing 50,000 tonnes of crude oil is also fading. A changed wind is blowing the three-mile-long oil slick out into the Atlantic.

Although the ship's engines are working well and the storms in the area have died down, it was far from clear last night where the Andros Patrica was heading.

After the Spanish naval *authorities* had withdrawn earlier suggestions that the tanker was being towed towards Lisbon, it was believed in La *Coruña that the ship's owners,* the Seas Transportation Corporation of Piraeus, was still negotiating with the Spanish *authorities to bring it into* a Spanish port for repairs.

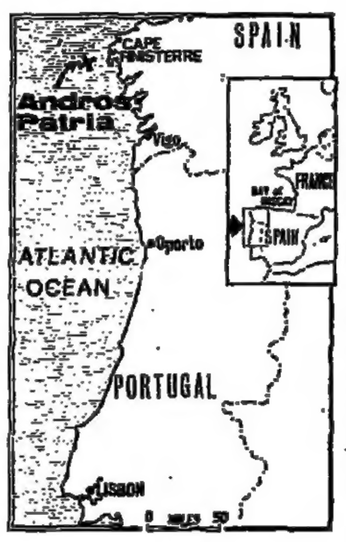
Salvage

It is thought that the work of cleaning the damaged holds to avoid the danger of gas ignition, setting light to the remaining 150,000 tonnes of crude in the other tanks, cannot be carried out at sea.

However, experts from a Dutch salvage company with a Typhoon-type tug standing by aret still waiting to board the vessel and survey the damage.

On that preliminary analysis, Lisbon would be dangerously far away and there is speculation that the crippled tanker might be brought into Vigo, in Galicia.

But it is uncertain whether the Spanish authorities are prepared to risk popular hostility in Galicia, which has already suffered three catastrophic shipping accidents involving oil or



chemical spillage in the past six years.

Those severely damaged the area's shellfish resources, the richest in Spain.

The Andros Patria was carrying 208,000 tonnes of crude oil from the Gulf to Rotterdam. The explosion led all but three *of the crew of 32 to abandon* ship. All who left the ship are thought to have died when their two lifeboats capsized in heavy seas.

Perhaps the single most important action in minimising pollution was taken by the chief engineer who remained *on* board. He put the vessel on automatic pilot out into the Atlantic.

John Moore writes: International insurers are facing claims of $12.5m (£6.1m) arising from damage to the Andro Patria.

Underwriters in London had established yesterday that hull had been insured for $12.5m, a fifth in London. Most of the hull value that had been insured in London was with Lloyds.

Air travel growth likely to continue

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WORLD air travel is expected *to increase by 8 to 10 per cent* this year, following a rise of 10 per cent on scheduled air services in 1978.

Last year's growth, the biggest since 1972, rose from the widespread introduction of cheaper air fares, and improving economic conditions in many countries after the recession of the early to mid-1970s.

The figure of 674m scheduled passengers covers all the international and domestic operations by the airlines of the 143 member states of the International Cicil Aviation Organisation, the UN aviation technical agency.

It includes air travel in the Soviet Union, estimated at 98m scheduled passengers last year.

Outside the Soviet Union, the world's airlines carried 575m scheduled passengers altogether —8.8 per cent more than in 1977.

The ICAO says that, cheaper fares, particularly in the U.S. and over the North Atlantic, helped traffic grow faster than the increase in the number of seats available.

On the North Atlantic route, *between Europe and North* America, member airlines of the International Air Transport Association carried nearly 11m passengers, a rise of 16 per cent.

Of these, 9.87m were carried on scheduled services — a rise of 2.26 per cent. The remaining 1m or so were carried on the IATA-airlines' own charter *flights, 23.8 per cent less than* in 1977.

The airlines' load factor (the percentage of available seats filled) rose to 64 per cent, a record for the world airline industry.

But this is not expected to result in widespread improvements in the airlines' financial condition since costs also rose sharply during 1978. Revenues were also affected by the cheaper fares.

The ICAO says that air cargo also had its best year for a long time, rising by 12 per cent *to just over 18bn ton-miles* performed. Air mail improved by 3 per cent, a slightly lower growth rate than in 1977.

BP buys bigger stake in pipeline

By Kevin Done, Energy Correspondent

BRITISH PETROLEUM has bought a larger stake in the *Ninian crude oil pipeline system* to Sullom Voe in the Shetland Islands.

The company was recently given approval by the Department of Energy for its £1.25bn plan to develop the Magnus Field, the most northerly oil field yet discovered in the North Sea.

It is planning to transport crude oil from the field through *a pipeline link from Magnus* to the existing Ninian trunkline to Sullom Voe.

It has acquired an extra 15 per cent interst in the pipeline from the existing partners in the Heather and Ninian Field consortia, boosting its share to 24.9 per cent. No price was disclosed.

The flow of oil to Sullom Voe from fields already in production — Ninian, Heather, Dunlin and Thistle — is continuing in spite of a tanker accident at *the Sullom Voe terminal,* which has stopped all loading.

Continued from Page 1

Turnbull and Chrysler

customs clearance have tied up parts worth many millions of pounds.

The Iran National factory is closed this week because of component shortages, but it is hoped that production will resume next weekend.

But it is the Linwood factory, Scotland, where low productivity and poor labour relations have aroused speculation about the plant's long-term future.

Mr. Gilbert Hunt, the present chairman of Chrysler UK, is expected to remain on today's new Board. Other directors likely to remain are Mr. Angus Murray, the industrialist and Board member of Prudential Assurance; Lord Roll of Ipsden, *a director of S. G. Warburg*, the merchant bank; Mr. Georges Hereil, former president of Chrysler France; and Mr. Louis B. Warren, a member of the U.S. Chrysler Board.

Mr. Roy Grantham, general secretary of APEX, the white-collar union, is one of the two Government nominees to the Board. A replacement for the other, Mr. Claud Birch, who retired last month for health reasons, is not expected to be announced at present.

Terry Dodsworth writes from Paris: M. François Perrin-Pelletier, a senior Peugeot director, is taking over as managing director of Chrysler-France in the wake of the take-over.

The appointment of M. Perrin-Pelletier, a former civil servant who joined Peugeot in 1968, is seen in France as evidence of PSA's *determination* to bring Chrysler under its leadership.

Ken Gooding writes: Chrysler is to sell the European operations of its subsidiary, Chrysler Finance Corporation, to PSA for about $80m. The Corporation's main business is to provide finance for dealers' stocks.

Chrysler will retain 50 per cent of four of the Corporation's European subsidiaries—in West Germany, Holland, Belgium and Italy — for up to two years.

So far Chrysler has received $11.5m and the outstanding $57.5m (£28m) will be paid over when full control of the Corporation finally passes to PSA.

Continued from Page 1

EMS solution hopes fade

"snake" bloc of European currencies until France's conditions *for going ahead with the EMS* are met.

A senior official emphasised this in Paris yesterday while dealing with currency questions at the Bank of France.

French foreign exchange dealers believe that the Bank of France and other central banks would exercise discreet intervention if necessary to keep the *prospective EMS currencies* steady against each other until the French and Germans sort out their farm prices quarrel.

The Economy Ministry, however, denied suggestions from Bonn that France had entered an unofficial agreement to keep the franc with in 2.25 per cent fluctuation band against currencies of the other prospective *EMS members.*

Officials said they regarded all previous monetary arrangements as continuing. This included the "*snake*" which links the West German, Danish and Benelux currencies in a joint floa. France has been out of the snake since 1976.

Weather

FREEZING fog clearing to sunny spells. Some rain in south turning to sleet or snow inland.

London, S.E., Cent. S. England, S., W. Midlands

Freezing fog patches clearing. Dry with sunny spells. Possibly sleet or snow later. Max 3C (37F).

E. Anglia, N., N.E. England, N. Midlands

Freezing fog patches clearing to dry, sunny spells. Max. 2C (36F).

Channel Islands, S.W. England, Wales

Cloudy, some rain. Snow inland. Max. 0-6C (32-43F).

N.W. England, Scotland, Isle of Man, N. Ireland, Lakes, Scottish Islands

Freezing fog in places. Dry at first with possibly sleet or snow later. Max. 0-4C (32-39F).

Outlook: Further snow at times, perhaps heavy in the south.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	Sn	—6	23	Lisbon	F	2	36
Athens	C	15	59	Luxbg.	Sn	—11	—12
B'rc'l'na	C	6	43	Madrid	C	8	46
Beirut	F	20	68	Mnchtr.	Sn	0	32
Belfast	S	—1	30	Milan	S	—1	30
Belgrd.	Sn	—10	14	Munich	Sn	—11	12
B'ham	F	1	34	Newcstl.	S	0	32
Bristol	S	2	36	Oslo	F	—9	16
Brussels	Sn	—4	25	Paris	F	—1	30
Cardiff	F	3	37	Prague	F	—8	16
Colgn.	C	—10	14	Reykjvk.	F	—8	18
Cpnhgn.	F	—6	21	Rome	S	4	39
Dublin	S	0	32	Stckhm.	C	—10	14
Edinb'gh	F	—4	25	Strasbg.	S	—5	23
Geneva	F	—6	21	Vienna	C	—6	21
Glasgow	Sn	—2	28	Warsw.	C	—9	16
Helsinki	S	—19	—2	Zurich	F	—9	16

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	7	45	Jersey	C	4	39
Biarritz	S	3	37	L. Plms.	C	20	68
Blackp'l	R	2	36	Locarno	S	—2	28
Bordx.	S	0	32	Majorca	F	7	45
Boulgn.	F	2	36	Malaga	F	21	70
Csblnca.	F	18	64	Malta	R	13	55
Corfu	F	13	55	Naples	F	8	46
Faro	F	17	63	Nice	F	6	43
Florence	F	2	36	Nicosia	C	19	66
Funchal	F	20	68	Oporto	F	13	55
Gibrltr.	C	17	63	Rhodes	C	17	63
Gurnsy.	F	3	37	Salzbg.	Sn	—10	14
Innsbk.	Sn	—10	14	Tangier	C	17	63
Invrns.	S	0	32	Tenerife	F	14	57
I. Man	S	5	41	Valencia	F	16	61
Istanbul	C	13	55	Venice	F	—1	30

S—Sunny. Sn—Snow. F—Fair. R—Rain. C—Cloudy.

THE LEX COLUMN

Famine and feast in oil sector

Interest rate movements are still being watcvhed very carefully—in New York yesterday Fed funds traded up to 12 per cent before overnight repur*chases by the Fed brought them* back below 11½ per cent. In London, bids for three month Treasury bills centred around *11.8 per cent., up from 11.56 per* cent at Friday's tender.

Rationing oil

BP has given a warning of a further cutback in crude and product supplies to associates and bulk customers during the first quarter of 1979, and that sent nervous ripples through the stock market—where BP's shares lost 12p to 894p. Evidently BP, which normally derives around two-fifths of its crude supplies from Iran, has decided the outlook is forbidding enough to justify trimming deliveries by 35 per cent rather than the 25 per cent applied last November. But there is as yet little indication that this will set the general pattern. Shell, for instance, has yet to announce its own first quarter reduction after the 10 per cent cutback for the final quarter of last year—but it seems there is little chance of any tightening here. And Rotterdam spot market product prices last month failed to hold the highest levels reached in November, though there is a chance that the BP announcement and the cold snap in Europe will cause another temporary flutter when this highly marginal market becomes active again after the holiday.

For many of the oil majors the recent developments in the Middle East must have been favourable — the members of Aramco, for instance, are in a strong position thanks to the increase in Saudi Arabian output. Downstream, too, the pendulum has swung back with a vengeance from the independents to the majors.

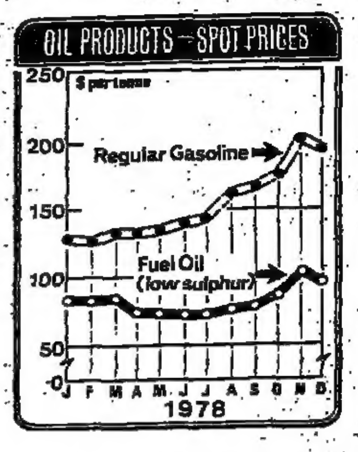
In the case of BP, however, there are factors working both ways. The loss of a third of its bulk crude business might not be a crippling blow, for this is a very low margin activity, *but if its operating subsidiaries* were forced into the spot market and could not recoup the cost in selling prices there might be *temporary embarrassment.* Yet it is a fair assumption that very soon the gains in upstream profits from the Forties field (and *by the Sohio associate)* would tip the balance.

ICI

ICI will save itself around SwFr 4.3m a year in interest payments if it manages to conclude the refinancing of

Index rose 2.1 to 473.0

OIL PRODUCTS—SPOT PRICES



SwFr 230m of bonds at 3¾ per cent, the sort of rate it might now command on the Zurich capital market.

But more surprisingly, perhaps, the refinancing shows the *group is prepared to retain its* substantial reliance (SwFr 410m at the moment) on debt denominated in such a hard currency. In sterling terms *ICI* is showing a startling exchange loss on the bonds but it considers them to be matched by assets in Holland and Germany: the guilder and mark have depreciated against the Swiss franc but the interest rate advantages of *Swiss franc* borrowings must nearly make up for this currency factor. This argument would be more persuasive if ICI's European subsidiaries had a more profitable record. And last June's SwFr 100m borrowing did not exactly turn out to be brilliantly timed.

U.K. ship sales

Although the full figures are not yet in, it sems certain that the size of the UK shipping fleet fell noticeably during 1978. All of the major UK shipping companies have been steadily selling off older tonnage for the last couple of years. Some of these ships have been replaced by modern container tonnage but it is clear that the recession in the world shipping industry is now leading to a once and for all reduction in the size of the UK fleet—the world's third largest.

During 1978 well over 100 ships in the UK's 1,500 strong fleet have ben disposed of. Against a peak of 53m dwt, a couple of years ago, the UK fleet is now probably less than 48m dwt in size. In certain sectors UK shipping companies appear resigned to abdicating their once prime position. Lambert Brothers, the UK shipbrokers, *recently estimated* that a quarter of the UK bulk carrier fleet had ben sold off over the last year.

The President of the General Council of British Shipping has already described the reduction in the size of the U.K. fleet as a "very serious shedding of tonnage." In recent months freight rates have improved noticeably which should reduce the need for forced U.K. sales. However, the U.K. shipping fleet is considerably larger than Britain's share of world trade warrants which makes it vulnerable over the longer term.

Ranks Hovis

Ranks Hovis McDougall's accounts show the strains of having something like £60m of capital tied up in UK baking, a consistent loss-maker. Only a bit more than half the £104m which the group has spent on fixed assets and working capital in the past two years has been financed out of net cash flow. And on an inflation-adjusted basis, attributable profits of £4.4m last year covered *less than half the dividend cost.*

However, the appearance of the balance-sheet has been significantly improved by a property revaluation and a transfer from the deferred tax provision, which have helped to push net worth up by nearly two-fifths to £272m. And although the recent bread strike has knocked the more optimistic recovery targets for six, there is still scope for a worthwhile turnround on the baking side this year.

Both RHM and Associated British Foods, which together share over half the bread market, say that it is too early to judge the impact of the strike on consumption. They also agree that last month's price increase will not recoup all their extra costs. But the savage competition which brought Spillers to its knees last year has not re-emerged, and RHM remains hopeful about the prospect for a reasonable return on bread.

In addition, the milling side has held up well and the bad weather is doing no harm at all to the UK animal feeds side. *RHM is cagey about the outlook* for the rest of the year, but a dividend yield of 10¼ per cent at 48½p looks securely based.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.